

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Monday March 7 1983



European railways:
contrasting track
records, Page 14

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NEWS SUMMARY

GENERAL

Nkomo reported safe after raids

Zimbabwe Opposition leader Joshua Nkomo was reported safe and in hiding by his lawyers, after a weekend military operation in Bulawayo in which 1,000 people were detained, his house ransacked, and his drivers killed.

Mr Nkomo is thought to have escaped before the drive got under way. His lawyers said they did not know where he was.

Bloodstains were found in a room in his house. A Nkomo aide said that the Fifth Brigade, a North Korean-trained unit had been conducting house-to-house searches in Bulawayo.

Mr Sydney Malunga, one of the 20 MPs of Mr Nkomo's Zapat party and a party official were reportedly arrested. Page 16

Pope in El Salvador

Pope John Paul arrived in El Salvador, potentially one of the most risky stops of his Central American tour, and praised the U.S.-backed Government for its efforts to end the civil war. Page 16

Iran shells Iraq

Iranian artillery shelled Iraqi border towns Mandali and Al-Shababi in the central sector of the Gulf. Tehran radio said Iranian forces killed 20 Iraqi soldiers in the south in the last 24 hours.

Mubarak hits at PLO

President Hosni Mubarak of Egypt, whose general policy is not to criticise other Arab countries or groups, has attacked the Palestine Liberation Organisation for interfering in Egypt's internal affairs. This follows the Palestinian National Council's call to Egypt to implement the Camp David accord. Page 2

New Assam deaths

Indian police have found evidence of another massacre in the troubled state of Assam - about 200 bodies in a Brahmaputra island. A large cache of explosives was seized.

Drive against Mafia

Italian police said they recovered 261 stolen cars and Lira (\$715,000), and seized 175 shotguns and rifles, 140 handguns, explosives and drugs in arresting 634 suspected gangsters in southern Italy. There were 8,700 paramilitary Carabinieri used in the operation.

Solidarity arrest

Polish police have arrested journalist Jan Malachowski of the banned Solidarity movement. He had been interned, and suffered a heart attack. He is now retired.

Nun detained

Three hours after being told at 3 am that men were not allowed on the premises, South African police returned to a convent near Krugersdorp, detained a Catholic nun and confiscated books.

Barbie operation

Nazi war criminal Klaus Barbie was operated on for hernia in a Lyons, France, hospital.

Soviet chain letter

Soviet Union is being swept with a chain letter saying that God has appeared in Russia and announced that the end of the world is nigh. Daily newspaper Sloboda Zemlja (Rural Life) advised readers to ignore it.

Briefly...

Cairo: Five people were killed, ten injured, when 10-storey block collapsed.

Air France Baghdad office manager was killed by a bomb blast.

Ready-mixed concrete truck crashed at Grantham, England, and was stuck fast.

BUSINESS

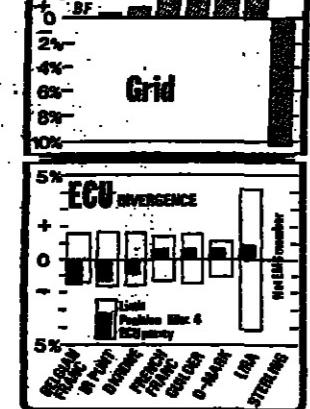
Sweden lets BP into ore venture

• SWEDEN has approved a joint metal exploration venture in its central region between LKAB, state iron ore producer, and British oil group BP Minerals, which becomes the first foreign company involved in the Swedish metal business for more than 70 years. Page 19

• THE D-MARK was strong within the European Monetary System last week amid increased expectation that a Conservative government would be returned in yesterday's West German general election.

The strength of the German currency put further pressure on the U.S.

EMS Mar. 4, 1983



Greens and Free Democrats win seats in Bundestag

Kohl sweeps to clear victory

BY JONATHAN CARR AND JAMES BUCHAN IN BONN

CHANCELLOR Helmut Kohl emerged the clear victor from the West German general election yesterday, implying that the country is set for four years of moderate conservatism.

Cheered on by his supporters, Herr Kohl at once reaffirmed his support for the Nato alliance and said the market economy - not the state - had the best remedies for unemployment.

He underlined that the aim would be served by a continuation of the present centre-right alliance with the liberal Free Democrats, who retained their Bundestag representation with about 7 per cent of the vote.

Campaigning chiefly on the Nato and jobs issues, Herr Kohl trounced his major opponents - the Social Democrats (SPD) and the Greens, the party of ecologists, pacifists and other radicals.

While the Greens managed to gain some parliamentary seats in Bonn for the first time, the SPD slumped badly so that the two parties together remain well behind Herr Kohl's forces.

That result seems bound to be greeted with deep relief by the U.S.

and several other western governments, who had feared that an administration tending towards neutralism might emerge in Bonn.

In particular, Washington felt that an SPD-led government might not have allowed deployment of new U.S. intermediate-range nuclear missiles in West Germany to counterbalance the Soviet threat.

Herr Kohl constantly underlined his support for both parts of Nato's "twin track" decision on missiles - negotiation but deployment if necessary - and this has been implicitly honoured by the electorate.

The Chancellor's Christian Democrats (CDU) and their Bavarian allies, the Christian Social Union (CSU), together gained around 49 per cent of the vote. That is the best result for the CDU-CSU since West Germany's first Chancellor, Dr Konrad Adenauer, carried the Konrad partis to 50.2 per cent of the vote in 1957.

In contrast the SPD under its Chancellor-candidate Herr Hans-Jochen Vogel won only about 38 per cent of the vote. That compares with 42.9 per cent in the last general election of October 1980, when the party was being led by then

Chancellor Herr Helmut Schmidt.

The Greens gained a bit more than the minimum 5 per cent of the vote needed under German law to win parliamentary seats. That result is well up on their 1.5 per cent of 1980 - but only a few months ago the Greens seemed likely to win 8 or 9 per cent.

Those emitting the greatest sighs of relief last night were the members of the liberal Free Democratic Party (FDP), led by the Foreign Minister, Herr Hans-Dietrich Genscher.

The FDP cleared the 5 per cent hurdle fairly easily in the event - winning around 7 per cent according to almost complete returns late last night. The FDP had been in coalition with the SPD until last September, but then switched partners to put Herr Kohl in power as Chancellor.

The change in allies brought fierce strife within the FDP and until very recently most commentators felt it unlikely the liberals would clear the 5 per cent hurdle again this time. However, voters have yet again shown they value the FDP as an insurance policy

against possible excesses of either political left or right.

Nonetheless, Herr Kohl's very success in carrying the two Union parties together so close to the 50 per cent mark may well mean problems and friction for him in the coming days.

Herr Kohl, who is very much a centrist in the CDU, is firmly in fa-

vour of what he calls "the coalition of the middle" - that is, continuation of a government of CDU, CSU and FDP.

However, it is possible that in view of the Union's striking level of support, the CSU's burly, irrepressible leader, Herr Franz Josef Strauss, may bid for Herr Genscher's position as Vice-Chancellor and Foreign Minister at present Herr Strauss has no cabinet job.

According to computer projections, the combined left-wing parties led by the Socialists and Communists won only 45 per cent of the vote in towns of over 30,000 inhabitants. This compares with the 51 per cent they scored in the last municipal elections in 1977 and the 48 per cent in the first round of the Presidential elections in May 1981.

By contrast, the centre and right wing opposition - drawing together the neo-Gaullist RPR of M Jacques Chirac, mayor of Paris, and the Gaullist d'Estate UDF pushed up their share of the vote to 53 per cent on computer forecasts from the 47 per cent they gained in 1977.

Though the results do not directly call into question President Francois Mitterrand's administration, they are bound to make his Government's task more difficult. M Chirac said last night that they amounted to "an unambiguous warning" to the Government and showed the electorate's anxiety over the Government's policies during the last two years.

The magnitude of the swing caught both Government and opposition by surprise as it had seemed over the last fortnight that the Government had been recovering ground. It was still unclear last night how many of the 61 towns of over 30,000 people which the Left won in 1977 it would lose this time round. Some commentators felt that after the second round next Sunday the toll could reach the 60 mark which would mean a substantial victory for the opposition.

Already yesterday, the Government was dealt some humiliating blows. The Socialists lost control of Grenoble which they have managed for 18 years and where M Hubert Dubedout, the defeated mayor, had an international reputation for the new look he gave the town. They also lost Brest, Nantes and Roubaix in the first round. The Communists, whose share of the vote totalled 53 per cent, it made sweeping gains in all states, except Tasmania.

Labor's gain of at least 20 seats from the coalition was seen as a personal triumph for Mr Hawke, and as a categorical rejection of the economic policies of Mr Malcolm Fraser, aged 52, the Liberal Prime Minister.

This compares with a deficit of \$1.7bn forecast by the outgoing Liberal-National Party coalition Government, in its budget last August.

The larger deficit now anticipated could boost Government borrowing and interest rates and might crimp Labor's promise to cut income tax.

Mr Hawke declined yesterday to comment on speculation that the Australian dollar would be subject

Euphoria at CDU headquarters, Page 16

Continued on Page 16

Mandate to unite, Page 2

French Left suffers setback

By David Housego in Paris

FRANCE'S Socialist administration suffered an unexpectedly sharp rebuff in the first round of the municipal elections yesterday, which showed a strong swing of opinion towards the opposition.

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Amongst leading personalities, M Lionel Jospin, head of the Socialist party and a close friend of M Mitterrand was defeated badly in the 16th arrondissement of Paris by M Alain Juppé, a close ally of M Chirac. Among at least five Socialist

Continued on Page 16

Opec makes progress and continues talks

BY RICHARD JOHNS IN LONDON

OIL MINISTERS of the Organisation of Petroleum Exporting Countries had still not reached a definitive consensus on a new lower reference price last night after four days of consultations in London.

Even so there was optimism that an effective agreement of both prices and production levels could be reached at the full emergency meeting of all 13 members starting in London today.

The French franc showed a small improvement on the week, but only as a result of continued intervention by the Bank of France and high Euro-French franc interest rates.

A realignment within the EMS is now seen as inevitable.

One major problem to be overcome is the obdurate stance of Nigeria. It is still resisting pressure to raise its official selling rate - originally cut by \$5.50 to \$30 a fortnight ago - to bring this into line with the new price of \$30.50 recommended for North Sea crude oil by the British National Oil Corporation.

At the same time the informal discussions on the necessary limit on overall Opec output and individual country quotas are acknowledged to have been somewhat hypothetical in the absence of a representative from Iran. It has held out for an extreme demand of 3.2m b/d allocation together with a reduction of the ceiling for North Sea crude oil to 4.5m b/d.

Sheikh Ali Khalifa confirmed, though, that the Arab producers of the Gulf were now reconciled to the existing differential of \$1.50 for the high quality light crudes produced by African members. Their insistence that it should be increased to a

range of \$3-\$3.80 had been one major cause of the failure to agree at the last three ministerial meetings.

The general view is that the Nigerian price - together with those of Algeria and Libya - should be the same as that charged for North Sea oil. On the basis of BNOC's \$30.50 price that would give a new rate for the Arabian Light "marker" of \$29 per barrel.

On the issue of quotas Sheikh Ali Khalifa said "we are not doing badly." The eight chief delegates involved in the consultations are evidently thinking in terms of a ceiling of no more than 17.5m b/d later in the year and one of no more than 16m b/d in April.

Open came surprisingly close to agreement on quotas at its last ministerial conference in Geneva in January. Achievement of one, however, would need a much more accurate quota than that set by a general price cut while setting a lower official selling rate than other members of Opec and also offering a variety of other discounts.

Mr Mohammed Gharazi, Iran's Minister of Oil, is understood to have arrived in London at the weekend to take part in today's full ministerial meeting.

Jeremy Stone writes: Uncertainty over the future price of oil has been spelt out into economic estimates of the effects which would re-

suit from cuts in the Opec marker price.

Stockbrokers James Capel have calculated that a fall to \$25 a barrel might help UK economic output to rise by 1.5 per cent this year and a further 2.7 per cent in 1984. Yet economists at another stockbroking firm, Phillips and Drew, argue that the same movement in the oil price could reduce the next year's real output growth in the UK by nearly full percentage point compared with previous estimates.

Events in the oil market are likely to result directly in reduced world inflation and a weaker dollar, says Capel. Therefore, as a knock-on effect, interest rates in the U.S. are likely to fall further than hitherto expected.

Moreover, they see stronger world growth and a reduced average value for the pound, indicating a strong rise in UK export volumes over the next two years, Capel's estimate.

Not only has Iran formally stuck to its demand for an output of 3.2m b/d, probably the maximum which it can sustain, but it has resisted a general price cut while setting a lower official selling rate than other members of Opec and also offering a variety of other discounts.

The move comes after the disclosure last week of the existence of a "parallel" network of Rumasa-controlled companies - otherwise known as "Rumasa B," or "Rumasa USE."

As part of this hidden side to its controversial empire, Rumasa is alleged to have secured indirect control of Banca Massaua, one of the country's oldest banks, based at Oviedo, in the north-west, and Banco de Expansion Industrial, based in Barcelona.

If this were proved to be the case, the banks would be added to the 18 already included in the Government's expropriation law against Rumasa, which was ratified by Parliament last week.

Two special prosecutors have,

meanwhile, started investigating possible criminal proceedings over the Rumasa affair, in which charges of tax discrepancies and other irregularities formed an important part of the Government's case for taking drastic action.

The Bank of Spain supervisors, who have powers over all decisions by the two banks' management, have been sent in on a provisional basis to establish what, if any, participation Rumasa had.</p

OVERSEAS NEWS

Fear-mongering Fraser misread the country's mood, reports Michael Thompson-Noel in Sydney

Hawke wins mandate to unite Australia

SELDOM in recent times has the political map of a democracy been redrawn so swiftly, or with such broad strokes, as has Australia's, which on Saturday voted into power the Labor Party (ALP), and Mr Bob Hawke, its new leader.

Australians are notoriously conservative. Apart from the brief and traumatic interlude of the Whitlam Labor Government, which founded in December 1975, Australia has been governed by a Liberal-National Party coalition for more than three decades.

Yet, on Saturday, the coalition partners were swept from power so abruptly by a revitalised ALP that the Liberal Party Prime Minister, Mr Malcolm Fraser - the country's second-longest serving Prime Minister after Sir Robert Menzies - felt bitterly humiliated, and resigned as leader of his party.

Labor had led comfortably in the polls until the middle of last week. In the final days' campaigning, few Australians were unequivocally prepared to write off the Government; that seemed too great a break with the past.

Mr Fraser was doomed from the moment he called the election on February 3. He could have waited until the end of the year, but chose to capitalise on the then leaders of the Labor Party, Mr Bill Hayden's, weakened leadership. By calling a snap election, Mr Fraser hoped Labor would either be forced to stick with Mr Hayden, or tear itself apart in wrangling over a successor.

It did neither.

With customary selflessness, Mr Hayden stepped aside. Mr Hawke stepped in, and the Government was suddenly confronted with what it dreaded most - a Labor Party totally united behind a tough, new, charismatic leader whose background and intelligence made him superbly well-equipped to hammer Mr Fraser on the key election issues.

There were two main strands to Mr Hawke's campaign - first, a concerted and virile attack on what he calls "Fraserism" (a pioneering form of monetarism, but one that,

in truth, was not at all hard-line); second, the repeated insistence that what Australia needs at present is a sense of common purpose.

In instead, Mr Fraser chose to try to shatter what he saw as the Hawke myth, and to spread alarm and despondency. Yet the weapons he used - fear of socialist excess, abrasive ridiculing of Labor and its policies, repeated harking back to the Whitlam years (the last Australian Labor Government was sacked by Sir John Kerr, the then Governor-General, in November 1975), and the claim that an ALP victory would cause a massive outflow of funds and devaluation of the currency - backfired horribly.

He believed that the fear and fear of high and growing unemployment, together with high inflation and interest rates and flat or falling economic growth, had created a new political environment.

He reasoned: "The electorate, at least at this stage, does not believe that we can, in terms of economic mechanics, necessarily do much better than the Government. But in this new environment of uncertainty and fear, there is, I believe, a growing conviction that what has underlined the Fraser Government's approach to the past - the pursuit of self-interest, the politics of confrontation and divisiveness - is not now appropriate. There is a desire for healing, for a sense of common purpose."

His approach proved absolutely right.

Mr Hawke will now call a summit to form an economic planning advisory council representing the states, business, unions and farmers.

Labor has promised a big boost to public works spending, plus tax cuts. Housing starts are due to rise by 15,000 initially, to a target of about 180,000 starts by 1988.

Labor has vowed to maintain balance of payments equilibrium and exchange rate stability - although Mr Hawke was ordered an immediate report from the Treasury on the state of the budget deficit, thought to be running at more than A\$1bn (2.55bn).

Labor's prices and incomes agreement with ACTU is described by Mr Fraser as a "socialist manifesto" more extreme than any that

has been applied in free Europe. - is in reality rather tame, though short on detail.

In Mr Hawke's view, the central machinery, a return to centralised wage fixing, tougher trade practices legislation, control over non-wage incomes, such as salaries, rent and dividends, and a concerted attack on tax evasion. The latter issue was a "sleeper" in the campaign, but featured prominently in ALP leaflets.

Labor also has plans for revitalising industry (particularly the steel industry), and says present trade protection levels will be preserved.

The party is firmly committed to the broad principles of the Anzus agreement with the U.S. and New Zealand, and says it will maintain a well-equipped defence force. However, Mr Hawke repeated yesterday that Labor would not "squander" ASL5bn on a replacement aircraft carrier for the navy.

Along with Labor's promise to eradicate the "divisiveness" of the Fraser years, a key element in its landslide victory was the personal popularity of Robert James Lee Hawke - "Bob," to millions of Australians.

He was born in Bordertown, South Australia, in December 1929. In 1952 he won a Western Australian Rhodes Scholarship to Oxford, where his love of cricket, women and feverish hard work (his thesis was on labour relations in Australia) made him a celebrity.

However, according to Mr Graham Freudenberg, Labor speechwriter: "Hawke was the only Australian to leave Oxford more convincingly Australian than before he went there."

In 1959, he began appearing before the Arbitration Commission as the industrial advocate for the ACTU. He became ACTU president in 1970, also became ALP president and entered Parliament in 1980.

Like many Australians, he can be rough, brash, and stridently aggressive. He once called the Full Bench of the Arbitration Commission "a pack of bastards," and got away in

Parliament with calling Mr Fraser a liar.

He is regarded as intelligent and complex. According to one commentator: "He is the best communicator in the country, capable of reducing complex arguments to simple sentences, sometimes punctuated with the odd expletive. The larrikin, spokesman, competitor and joker in Bob Hawke are never far away."

His enemies maintain that he lacks the emotional stability to lead the country. However, the evidence from the campaign suggests quite the reverse.

Campaigning in Australia in the height of summer is a gruelling business. Yet Mr Hawke travelled great distances, made speeches, kissed babies, gave interviews, attended barbecues, swapped aeroplanes, roused rallies, and stirred the faithful - all with the looks and confidence of a certain winner.

In the months to come, Mr Hawke will have to battle numerous problems. To maintain credibility, his prices and incomes agreement with the ACTU must be seen to work effectively. He must measure business, and persuade the four Labor-controlled states (New South Wales, South Australia, Victoria and Western Australia) to enter into genuine power-sharing.

He must accommodate the left-wing of his party (which agreed to his accession) without allowing it to commandeer sensitive portfolios. And he must lay down the blueprint for a sustained run of Labor government that capitalises on the dramatic swing in national mood evident in Saturday's election.

Should he fail, he would no doubt soon be removed. On Saturday, Mr Peter Bowers, a columnist for the Sydney Morning Herald, told his readers: "Console yourself with this thought: our country's great strength is its indestructible resilience. We can survive the worst that the good Lord and bad politicians inflict on us, be it flood, fire, drought or economic mismanagement."

Arafat will talk to U.S. without conditions

By Stephan Gray

Mr Yassir Arafat, the chairman of the Palestine Liberation Organisation (PLO), said yesterday he was prepared to negotiate with the Americans on peace in the Middle East without preconditions.

Interviewed on London Weekend Television's programme, Weekend World, Mr Arafat said that, when President Reagan had sent his special envoy, he would be prepared to "discuss everything in detail."

Asked is the discussions could go ahead without any previously established terms or conditions, such as U.S. recognition of the PLO, he said: "Without any conditions."

While a meeting with any high-ranking U.S. official would imply recognition, Mr Arafat's comment appeared to mean that he had abandoned the PLO's previous demand that Palestinian self-determination and an independent Palestinian state must be a precondition for PLO endorsement of any diplomatic solution.

Despite a resolution at the Palestine National Council (PNC) meeting two weeks ago refusing "to consider the Reagan plan a suitable basis for a just and lasting solution, Mr Arafat refused to reject either the plan or the idea of a non-PLO Palestinian involvement in talks, led by King Hussein of Jordan.

The Reagan plan calls for a freeze on the building of Israeli settlements in the West Bank and Gaza and autonomy in the context of close links with Jordan.

The PLO leader is set to meet King Hussein this week at the Non-aligned nations summit in New Delhi.

In Cairo, meanwhile, President Hosni Mubarak warned the PLO against attempts to drive a wedge between Egyptians. He accused it of interference in Egyptian affairs and threatened strong action if it continued. In a speech to Mr Arafat, he refused to receive any Palestinian leaders.

What appeared to have angered Mr Mubarak was a call by the PNC on Egyptian "nationalist, democratic and popular forces" to struggle against the 1978 Camp David peace agreements and get Egypt to renounce them.

"We support the Palestinian people but not at the expense of the Egyptian people," Mr Saad el-Sherif quoted Mr Mubarak as telling a group of parliamentarians.

Lebanese newspapers reported yesterday that U.S.-sponsored troop withdrawal talks have bogged down again with Israel refusing to budge on its demand for open borders as a precondition for its withdrawal from Lebanon.

Arab officials increase capital of Cairo bank

By Charles Richards in Cairo

ARAB governmental institutions have increased their subscriptions to the Cairo-based Arab African International Bank (AAIB), raising the bank's capital from \$125m (\$83m) to \$200m.

Mr Ibrahim al Ibrahim, the Kuwaiti chairman and managing director of the bank, said the move reflects the confidence of the shareholders in the performance of the bank, the largest in Egypt.

More important, it reflects the growing trust in relations between Egypt and the rest of the Arab world.

Private Arab money has not stopped flowing and is on the increase. But, although the bank has never ceased to operate from Cairo, this is the first increase in capital since 1978, before the Arab boycott of Egypt for making peace with Israel. An attempt to increase the capital last year, before Egypt recovered the whole of Sinai from Israel on April 25, was quashed by the Arab shareholders.

The AAIB was one of the lead lenders for the \$200m Eurodollar loan Egypt tried to float in 1979. That loan was cancelled when Arab banks were forced to withdraw under political pressure.

The Arab African Bank was established as an off-shore bank under special enabling legislation in the 1960s. Its shareholders are the Kuwaiti Ministry of Finance, the Central Bank of Egypt, the Raifaij Bank of Iraq, the Central Bank of Algeria, the Jordanian Ministry of Finance, the al-Jazira Bank of Saudi Arabia, and the Ministry of Finance of Qatar.

It changed its name to Arab African International Bank to reflect its greater involvement in specialised international transactions, the last being as lead bank of a \$500m loan for Iraq. Ninety-nine per cent of its business is outside Egypt.

ZIMBABWE CRISIS

Special brigade action heralds tribal showdown

By J. D. F. Jones, recently in Bulawayo



Zanu leader Mr Joshua Nkomo

THE ENTRY of the notorious 5 Brigade into the western townships of Bulawayo this weekend, and the mysterious disappearance of Mr Joshua Nkomo, the Zanu leader, next to signal a crisis in the political crisis of Zimbabwe's three-year-old independence. That crisis is tribal, between the Shona group, representing 80 per cent of the population and the Ndebele of the west and south-west.

No one can tell how many have been killed by the Zimbabwe Army in Matabeleland so far this year. Not the foreign correspondents, who are restricted to municipal Bulawayo; nor the churchmen and international aid administrators, who are appalled by what they hear from their patchy information network; nor the Zimbabwe civil servants, who absurdly pretend that nothing is happening and probably not even the Army itself.

Certainly not Mr Robert Mugabe, the Prime Minister and Zanu-Patriotic Front leader who departed Saturday for the non-aligned nations summit in New Delhi.

All that can be said with certainty is that Mr Mugabe's government is in process of teaching a grim and deliberate lesson.

The three D's - dissidents, depression and drought - add up to the most worrying situation since Zimbabwe's independence.

The world recession is now striking at Zimbabwe, in particular through its important metal and mineral exports. The latest issue of the respected Economic Bulletin of the Standard Bank warns that 1983 will be the most difficult year for the economy since 1977.

The President of the Associated Chambers of Commerce of Zimbabwe, Mr Tom Renahan, admits business is slack, that companies are closing or trying to and take of the ripple effect of the mining industry's problems on secondary industry. An extra problem is that companies are not allowed to close, or lay off workers, without Government permission, which tends to take a long time to arrive.

The visitor has a strong sense of a town and region in decline.

The problem is for farmers, who can only look at the clear blue sky and agree that there is almost no chance of any more rain during this supposedly rainy season.

While the impact of the three D's on the Ndebele represent one side of the problem, the other side concerns the commercial farmers of the region. They have been given back their guns by the Harare government, but their morale is low and for many, the situation is even worse than during the independence war. The farmers may or may not be cowed by the ruthless passage of the 5 Brigade across their ranches.

In addition there are diplomatic dangers: refugees, whether Zanu "dissidents" or simple peasants, have been crossing the nearby border into Botswana's refugee camp at Dukwe. It is known that the Zimbabwe military have only been persuaded at the last moment from striking against Dukwe.

In all this, there is a fourth D - the "Desertification" policy which South Africa is frequently and convincingly alleged to be pursuing in the region.

Whatever the truth of stories of South Africans training Zimbabwean rebels in the Northern Transvaal, or infiltrating troops on sabotage missions north of the Limpopo, there is no firm evidence of South African involvement in the Matabeleland troubles. But then, there's hardly any need for Pretoria to bother. The Zimbabweans are surely destabilising themselves.

S. African exchange controls ease further

By BERNARD SIMON IN JOHANNESBURG

SOUTH AFRICAN banks will be allowed to hold substantially larger foreign currency balances as a result of the second significant relaxation of exchange controls in a month.

The Reserve Bank has announced a doubling from R200m to R400m (\$350m) of the total balances which the country's 20 authorised foreign exchange dealers, all banks, are allowed to invest abroad.

In addition, the Reserve Bank will sell U.S. dollars to the banks for rand in terms of repurchase contracts with maturities of between one and three months. The banks will be free to invest the dollars abroad.

Dr Gerhard de Kock, Governor of the Reserve Bank, said that "other steps will follow which, collectively, will demonstrate just how serious we are about meeting our commitments to relaxing foreign exchange controls generally." All currency controls on non-residents, including a two-tier exchange rate, were abolished on February 7.

The new measures are designed to help the authorities counter a rapid build-up of domestic liquidity in recent months.

The rate on three month bankers acceptances, a key money market rate, has plunged from over 16 per cent last September to 8.3 per cent last Friday.

The inflow of funds has been caused by a sharp turnaround in the current balance of payments as a result of the higher gold price and falling imports, and by heavy borrowing abroad.

Domestically, South Africa is committed to holding growth in the broadly defined money supply to 10 per cent this year, following last November's agreement of a package worth SDR 1bn with the International Monetary Fund.

The authorities may allow other financial institutions to invest a portion of their cash flows abroad if the current surplus on the balance of payments, estimated at R1bn in the fourth quarter of last year, continues to rise.

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STATISTICAL TRENDS: NORWAY

Stagnation follows years of growth

THE Norwegian economy was growing quite rapidly before the discovery of large oil and gas reserves by using the country's resources of fish, forestry, minerals, abundant hydro-electric power and seafaring tradition.

By concentrating on the expansion of production of pulp, paper, board, fertilizers, aluminium, base metals and other ferro alloys together with shipbuilding, a sound base for industrialisation was provided.

Throughout the 1970s, and despite the rapid development of the oil and gas sector, the economy experienced relatively strong growth, averaging an annual 4.7 per cent increase, consistently above the average for industrial countries as a whole.

However, in the past few

years the economy has entered a period of stagnation, reflecting in the international economic depression but more significantly its own failure to remain externally competitive.

There have been continued high inflation and cost developments, influenced by the exchange settlements in the oil sector, the influx of oil revenues strengthening the krone, failure to take advantage of new technology and the official policy of full employment.

Rising unemployment, although still well below the international norm at only 2.4 per cent of the force, with an average duration in September of only 11.3 weeks, is the price Norway is facing for its past neglect of competitive ability.

Production in manufacturing industry in the first 10 months of 1982 was 2 per cent below that for the same period of 1981.

The industries exposed to

foreign competition experienced the greatest problems and annual exports were severely restricted.

The 1983 budget, presented in October, restated the commitment to full employment and the safeguard of the welfare society by revitalising the traditional sectors of the economy.

The growth in gross domestic product (GDP) in 1983 is forecast at 0.8 per cent for the economy as a whole and 1.6 per cent for mainland Norway, although OECD estimates are less optimistic.

Despite the undoubtedly significant contribution made in the past by the oil sector, the Conservative Government is sharply aware that, with the prospects of falling real oil prices, oil revenue will not provide a basis for any great expansion of the public sector.

In 1983, oil revenue is budgeted to remain at a similar level to that of 1982 and to fall as a proportion of total tax revenue. Production is not expected to increase until some time after 1985. Original estimates of oil reserves over the early 1980s have had to be revised downward quite considerably.

The dramatic improvement in the balance of payments position is further evidence of the impact on the economy of the developments in the North Sea, pulling it from a deficit of \$6bn in 1977 to a comfortable surplus of \$20bn in 1981 and an expected \$10bn surplus in 1982. From a negligible proportion in 1971, crude oil and natural gas exports now contribute almost 31 per cent.

Shipbuilding has suitably diversified into the construction of offshore platforms, drilling rigs and specialised ships.

The Norwegian sector of the North Sea contains about 24 per cent of the total proven reserves of Europe and currently contributes almost a quarter of European produc-

Economy

GROSS DOMESTIC PRODUCT AND INDUSTRIAL PRODUCTION

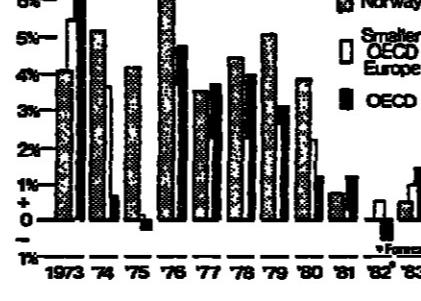
	Annual average 1970-80	% growth from prev. year	1971	1982	1983*
GDP	4.7	0.8	0	1	
Norway	—	—	—	—	—
Exclg. oil, shpg.	—	—	—	—	—
Main trdg. ptnrs.	2.6	-0.4	0	1.1	
OECD total	3.2	1.2	—	1.1	
Main seven	3.2	1.3	—	1.2	
Others	3.1	0.7	—	1.2	
Industrial Production	—	—	—	—	—
Norway	1.6	-1.2	-2	0	
Exclg. petro. ptnrs.	2.2	-1.5	-1	1.1	
OECD total	3.0	0.7	-3	1.1	

* Excluding oil sector. † Forecasts.

Sources: OECD

GROWTH OF REAL GDP

Market prices % Change



GROSS FIXED CAPITAL FORMATION

NKr bill — 1981 prices

1981 1982 1983

	1981	1982	1983
Gross f.c.f.	89.3	87.5	90.0
Companies total	77.7	76.5	79.6
Shipping, oil	5.1	6.4	3.7
Oil production	16.9	14.7	20.2
Housing	14.6	14.8	15.1
Other	4.12	4.06	4.06
Public f.c.f.	11.5	10.9	10.4
Central govt.	3.8	2.5	3.5
Local govt.	7.7	7.4	6.9

Sources: Royal Norwegian Ministry of Finance 1983 Budget Proposals

EXCHANGE RATES

Development of currency exchange rates against Nkr

1980 1981 1982

	1980	1981	1982
Canada	-2.3	13.3	9.5
Denmark	-1.9	-8.1	-4.3
France	-1.7	-9.2	-7.3
Italy	-1.2	-12.3	-4.9
Netherlands	-1.8	-14	-4.8
UK	-1.9	-0.9	-2.0
Sweden	-1.2	-2.7	-8.7
W. Germany	-1.6	-6.6	4.3
Japan	-5.6	18.9	-7.6
U.S.	-2.5	16.2	12.6

Note: Negative sign indicates krone strengthening.

Source: Ministry of Finance

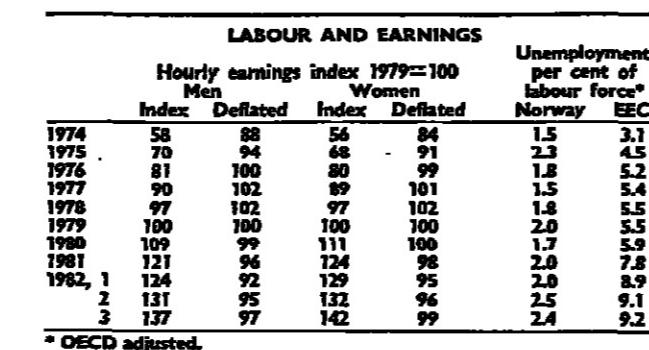
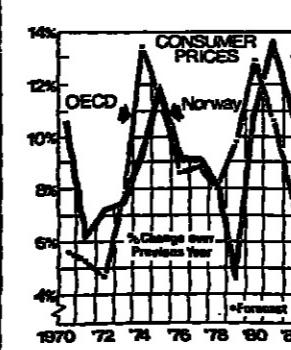
SHARE PRICE INDICES

Oslo Stock Exchange

1972=100

	Total	Manufact.	Water trans-shipping
1976	98	115	69
1977	83	88	58
1978	72	75	40
1979	93	106	60
1980	106	128	65
1981	113	126	78
1982 Jan.	112	125	77
1982 Jun.	111	118	64
1982 Feb.	116	121	78
1982 May	117	124	67
1982 Aug.	107	115	59
1982 Nov.	102	113	61

Source: Statistik Arbok

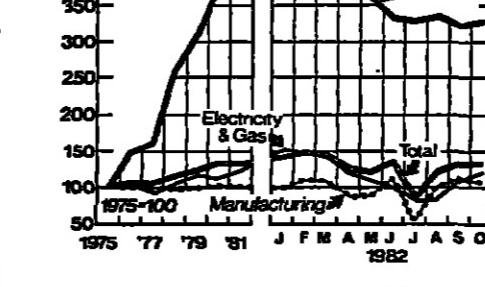


Source: Norges Offisielle Statistikk and OECD

Industry

INDUSTRIAL PRODUCTION

INDEX 1970=100



VOLUME OF STOCKS

INDEX 1970=100

Home-produced goods

Home Market Export Imported Goods

	Total	Home Market	Export	Imported Goods
1980, 1	115	113	120	100
2	112	112	105	108
3	124	125	153	108
4	131	126	143	111
1981, 1	141	125	155	108
2	134	127	150	105
3	142	134	159	103
4	137	130	155	104
1982, 1	139	133	154	108
2	143	133	157	105
3	160	144	201	101

Source: Central Bureau of Statistics. Based on data collected from larger manufacturers and wholesalers

Trade

NORWEGIAN EXPORTS

By Product

1971 1981 1982 1983

	1971	1981	1982	1983
Crude oil, net, gas	0.4	30.7	52.5	51.6
New ships, plates, Scandfond	3.0	0.4	2.0	2.0
Ships, plts.	2.2	2.6	5.7	7.2
Direct exports	—	—	—	—
oil activities	—	1.3	1.1	1.4
Other goods	45.3	33.4	52.2	57.0
Gross freight, shipping	39.0	20.0	30.1	33.0
Gross freight, drilling	—	1.2	2.0	2.4
Piping trans.	—	1.9	—	—
Tourism	3.4	2.4	4.2	4.8
Other services	6.7	5.7	10.8	12.4
Total	100.0	100.0	144.5	174.3

Source: Royal Norwegian Ministry of Finance 1983 Budget Proposals

NORWEGIAN IMPORTS

By Product

1971 1981 1982 1983

	1971	1981	1982	1983
</tbl_header

WORLD TRADE NEWS

Silicon Valley has some cause for optimism. Louise Kehoe in San Francisco explains
U.S. narrows quality gap with Japan

THE ELECTRONICS industry in the U.S. appears to be regaining some semblance of its old self-confidence after years of uncertainty in the face of intense Japanese competition.

Two developments within the industry in the past month serve to point the way forward.

First, Motorola, the U.S. chip maker, received an "outstanding quality" award from Hewlett-Packard, the electronic equipment manufacturer.

The matter was not simply a case of the industry congratulating itself, for Hewlett-Packard has been one of America's most outspoken critics of U.S. chipmakers.

"Motorola's accomplishment is indicative of a trend throughout the U.S. semiconductor industry towards significantly higher parts quality—a trend that is closing the quality gap between U.S. and Japanese semiconductor companies," a Hewlett official said recently.

Just two years ago, the company dropped a bombshell on the domestic semiconductor industry by reporting that Japanese-made memory chips had much lower failure rates

than U.S.-made parts.

The award comes at a time when U.S. computer companies are recognising the threat of Japanese competition in their own markets.

To nurture and protect their own market, U.S. computer makers are building up closer working relationships with their component suppliers—sharing quality improvement projects and, in some cases, sharing research and development.

IBM has gone even further by buying 12 per cent in Intel, one of its major semiconductor suppliers.

On a larger scale, several of the largest U.S. chip and computer makers have joined forces in two co-operative research and development organisations that will undertake basic research on behalf of all members.

U.S. companies see this as a defence against major co-operative development projects in Japan and Europe. The degree to which the industry can co-operate is limited by U.S. antitrust laws, which the Electronic Industries Association is pushing to change. Few in the

industry doubt that this will be a long, uphill battle.

It is recognition by the Reagan Administration of the Japanese competitive threat that has given the industry its second recent reprieve.

A key element in the recent Japan-U.S. trade restraint agreement, which focused on Japanese car shipments to the U.S., but it also embodied a "work programme" designed to eliminate trade and investment barriers in high technology industries.

This aspect of the accord also seeks to minimise problems caused by Japanese companies' expansion.

While the work programme is not binding on bilateral trade, the U.S. Government is encouraged that the Japanese have grasped America's concern over the effects of Japanese competition on its industry. The agreement is also seen as a quick response to a U.S. Semiconductor Industry Association (SIA) report on the effects of the recent Japanese onslaught on the U.S. semiconductor market. The SIA report was published on February 3.

The SIA report argued that Japanese industrial policies are substantially weakening the U.S. semiconductor industry and threatening its future.

The industry pointed out that the U.S. semiconductor bottle has been centred on the vital market for 64-K RAMs (64 kilobit random access memory)—devices used in computers.

The report notes that the Japanese strategy in 64-K RAMs could be compared with its approach to the ball bearing industry in the 1950s when Japanese producers drove many foreign competitors out of the market. In effect, the Japanese set the 64-K RAM as the thin end of the wedge which could lead to overall domination of the U.S. semiconductor market.

According to the SIA report, U.S. 64-K RAM producers made huge pre-tax losses on RAMs through 1981 and 1982. Collective losses by U.S. producers in the third quarter of last year totalled \$12m on revenues of \$26.4m. The U.S. concerns attribute their losses to Japanese-led price cutting.

As a result of the Japanese offensive, U.S. companies have cut back their RAM activity, the report says. Whereas 12 to 15 U.S. companies participated in the market for the previous generation of 16-K RAMs, only five currently make 64-K RAMs.

The impact of Japanese competition goes beyond losses incurred by these companies, however, because memory chips are the "bell-weather" of the industry—in effect, the skill gained in memory chip development is of such a high order that corporations developing them are at a competitive advantage in other sectors of the industry.

While the achievements of the U.S. negotiating team in Japan are of importance, a further gain is President Ronald Reagan's own public support for the industry.

"Since the State of the Union address (in which Mr Reagan referred to the pioneer spirit of the high technology frontier) it has become clear that the Administration is committed to supporting the electronics industry," an SIA official commented.

Ottawa, Washington resolve air row

By Our Foreign Staff

CANADIAN and U.S. trade negotiators have resolved a bilateral air fare dispute which had disrupted the travel plans of thousands of discount ticket holders and aggravated already tense trade relations between the two countries.

The agreement permits Air Canada to continue charging its "seat sale" weekend discount fare. The U.S. Civil Aeronautics Board, backed by President Reagan, last week banned the sale of the tickets, the use of which went into effect a week ago, although the action was suspended while negotiations were continuing.

Such an improvement will not be easy without an upturn in the UK market and a change of policy in Czechoslovakia, which cut hard currency imports by 15 per cent in the first nine months of the year.

Signs of the Czechoslovak pump-making enterprise, is interested in getting British co-operation in the sale of pumping stations, sewage and clear water treatment plants. Third World market, its technical director, Mr Zdenek Zapletal, said. It already has licences from Crane Packing and the Weir Group.

Czechs seek UK interest in third market ventures

BY DAVID SUCHAN, EAST EUROPE CORRESPONDENT

BRITISH-CZECH industrial co-operation on projects for third markets is the most effective way of boosting the currently low level of trade between the two countries.

This was the message from a major Czechoslovak trade delegation which last week visited London and held talks with Mr Peter Rees, the UK Minister of Trade.

At a London Chamber of Commerce seminar, Mr Josef Dolezel, commercial director for Skoda, underlined this when he noted that his engineering company now imported 50 per cent of components for the capital goods which it is selling to the Third World in increasing numbers.

Under the agreement with the U.S., the Canadian Government will permit Continental Air Lines of the U.S. to offer a fare between Vancouver and the South Pacific through Los Angeles that will match a fare charged by CP Air, a Canadian Pacific unit, on its Vancouver-Honolulu-South Pacific flights. CP Air fare competes with Quantas of Australia over this sector and has been reluctant to allow U.S. competition on the route.

Canada had refused to permit Continental to offer that matching fare and the CAB retaliated by suspending the Air Canada fare proposal.

Air Canada dominates Canadian air services to the U.S. Continental will be allowed to sell 8,000 seats over the next year and a maximum of 160 seats a week at the new fare between Vancouver and the South Pacific.

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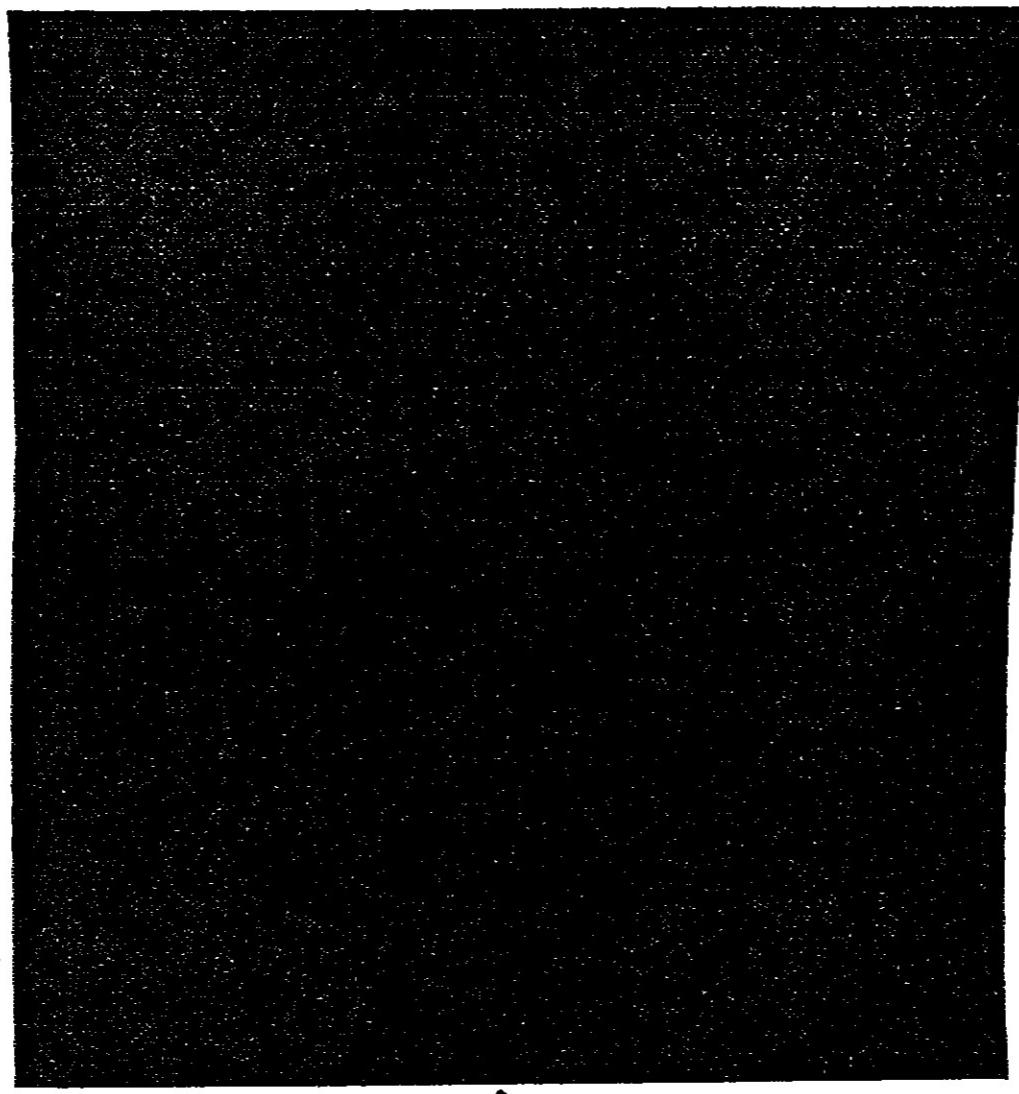
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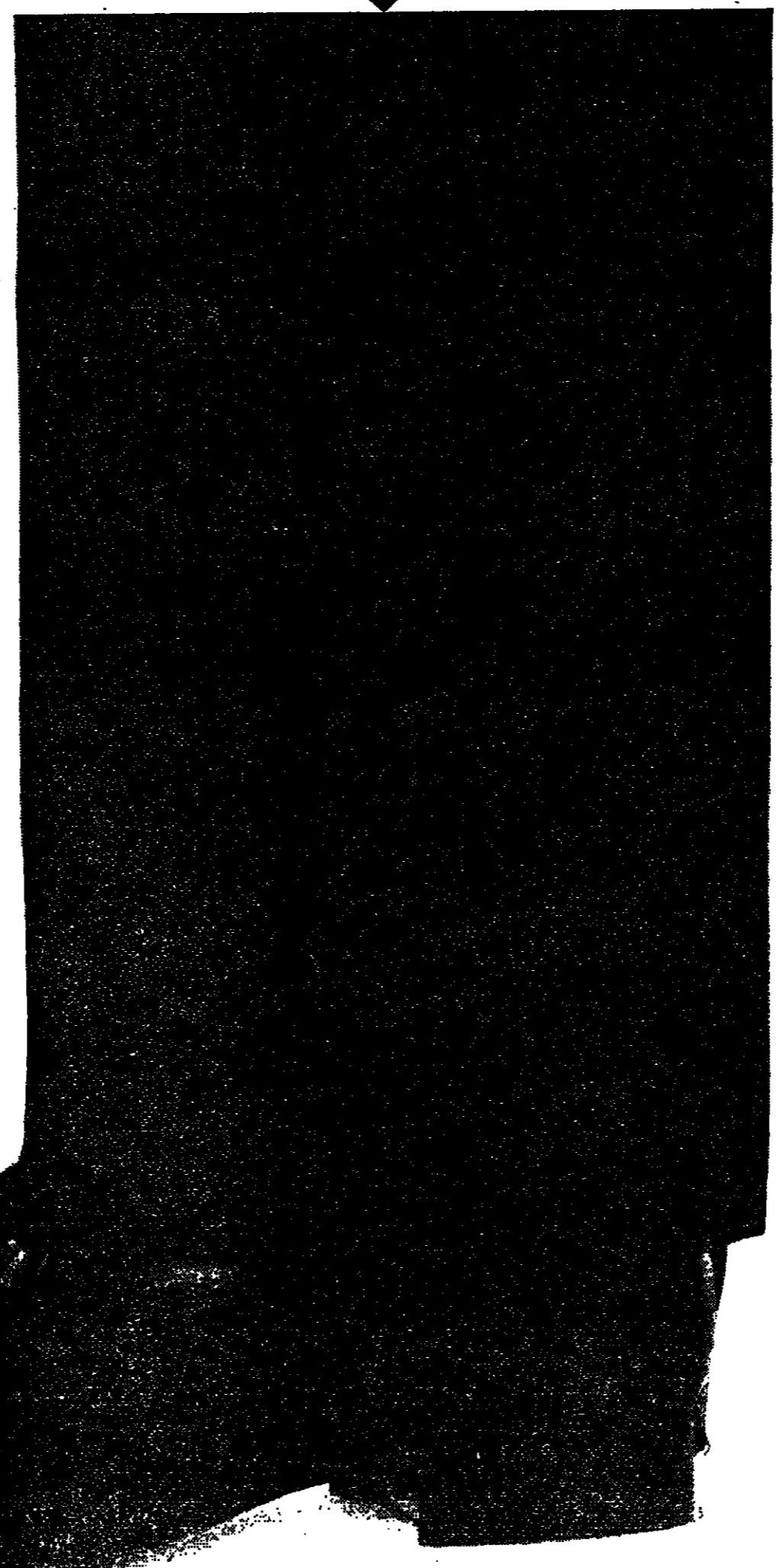
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UK NEWS

Tax load on poor 'becoming heavier'

By Robin Pauley

THE POOR are taxed more heavily in Britain than in any other European country and the situation is getting worse, with twice as many families caught in the poverty trap now than in 1976, says a report published today.

The report, by the Low Pay Unit, criticises the Government for promising before the last election to reduce taxation and increasing the burden instead.

Today, Britain's starting rate on the low paid is higher than in any other EEC country. Only Italy and Greece impose tax on a lower income level than Britain, and their starting rates are 16p and 7.5p in the pound respectively, against Britain's 30p.

The report shows that:

- Taxation takes around 40 per cent of the national income, against 34 per cent in 1978-79;
- Income tax revenue has increased by two thirds since 1976-79 and VAT raises three times as much;
- The highest rate payable has been reduced from 83 per cent in 1976-79 to 60 per cent. Cuts in capital transfer and capital gains taxes mean they now provide only 3.3 per cent of total taxation revenue, against 3.8 per cent in 1979 and 8.3 per cent in 1973;
- More of the low paid are paying tax than in 1978. Although unemployment has reduced the working population by 1.7m since 1979 the number of taxpayers is virtually unchanged.

The report says tax is now payable on an income for a two-child family £25 a week lower than the official poverty line.

It urges the Chancellor of the Exchequer to raise the tax threshold by at least £220 for married couples and £145 for single people, and to increase child benefits by at least 55p a week. It says the tax rate for the low paid should be cut at least to 25p.

LEUKAEMIA Research Fund
Dept. FTI, 43 Great Ormond St,
London WC1N 3JJ. Tel: 01-405 0101.

MacGregor not an issue in vote, says coal chief

BY JOHN LLOYD, LABOUR EDITOR

MR NORMAN SIDALL, chair of the National Coal Board, yesterday tried to separate the appointment of Mr Ian MacGregor, chairman of the British Steel Corporation, as his successor from the issue of a strike over pit closures on which the miners would vote tomorrow.

Interviewed on BBC Radio, Mr Sidall said it would be "extreme nonsense" for the miners to vote on the assumption that Mr MacGregor would be chairman. "It may not happen, it may not happen, and whoever takes charge of this industry has got to carry on with the restructuring already taking place. How this is done is a matter for consultation in any case."

Mr Sidall spoke as pressure in the Conservative Party against the appointment continues to mount. Tory back benchers are likely to raise the matter this week at the meeting of the 1922 Committee and the back bench Energy Committee. Mr Patrick McNair Wilson, a former Conservative energy spokesman, said yesterday he would seek a meeting with Mr Nigel Lawson, the Energy Secretary, to voice his colleagues' worries and that he himself would write to Mrs Margaret

Thatcher, the Prime Minister, about it.

Some ministers are also unhappy about the way in which the row has escalated. One said: "A period of silence by all of my colleagues would be welcome."

The Government continued, however, to support the appointment of Mr MacGregor, and wishes to appoint him if the terms are right.

Mrs Thatcher, who is particularly keen on the appointment, is anxious not to be seen to bow under pressure from the miners, the Labour Party, the Coal Board and her own party.

It was stressed yesterday that if Mr MacGregor does not take the job it will not be for lack of will on the Government's side.

It is understood that neither Mr MacGregor nor Sir Alastair Frame, chief executive of Rio Tinto Zinc, who has been pressed by the Prime Minister to take the BSC job, is now disposed to accept, and are likely to decline in the course of this week.

Mr Sidall, will argue in a speech against "butcherly" of the industry - of which miners' leaders have accused Mr MacGregor in advance and of which Mr Sidall has himself been accused - in favour of a

"compassionate" approach. He will also, however, repeat his persistent call for the unprofitable "half of uneconomic pits" costing the board about £125m a year, to close.

Mr Arthur Scargill, the miners' president, said at the weekend that the board intended to close at least 70 pits in the near future. This was denied by Mr Sidall, who said that it was impossible to close 70 pits immediately.

Mr Sidall also appeared to hint that he may stay on beyond the summer, correcting his interviewer who said he would leave then by pointing out that his contract ended then.

However, it is not known if the hint was meant seriously, or was a playful remark meant to keep his colleagues and the press guessing.

Miners' branches met up and down the country over the weekend to hear local leaders put the case for a strike in support of the South Wales miners, now entering the second week of an area strike against the closure of the Tynawr-Lewis Merthyr pit. The campaign has been conducted in a much lower key than last year's

Supermen not enough, Page 14

BSC 'reneged over arbitration'

BY GUY LABOUR EDITOR

MANAGERS in the British Steel Corporation have accused their employers of renegeing on a commitment to accept binding arbitration on wage talks which break down - a tactic practised by the unions in the recent water industry dispute and roundly condemned by the Government.

Mr Frank Collins, general secretary of the 8,000 strong Steel Industry Managers Association (SIMA), said yesterday that BSC had written to him saying it "will come to a view" on arbitration. However, the terms of a 1980 agreement between SIMA and BSC say both parties must go to arbitration if one demands it.

Mr Collins says he will write to Prime Minister Mrs Margaret Thatcher and to Mr Norman Tebbit, the Employment Secretary, to protest over the breach in the agreement.

He said: "I will say that a state of dispute is floating the kind of agreement which Ministers have said it is very important to observe."



Mr Norman Tebbit

SIMA called for the pay talks to go to arbitration some two weeks ago.

Mr Tebbit was known to be particularly critical of the water unions' breach of the agreement to accept binding arbitration.

Soon after the ending of the water dispute, he told a Commons select committee that the experience had prompted the Government to consider a plan for curbing strikes in essential services.

It is likely that BSC is stalling on arbitration until it gets agreements on this year's pay round with other unions which do not have an arbitration agreement. BSC has said it cannot afford to make a national wage offer, but is prepared to talk about local productivity payments.

The managers are claiming a "modest" increase within the Government's 3.5 per cent guidelines.

Search for new chief of state shipyards

BY ANDREW FISHER

A SEARCH has begun for a successor to Sir Robert Atkinson as chairman of British Shipbuilders (BS), the state-owned group which is on the Government's list for privatisation despite its continuing losses.

Sir Robert, who is in his late 60s, has not indicated to his colleagues in BS whether or not he would like to stay on after his 3½ year contract ends in December.

He has put BS on a firmer organisational footing, with world merchant shipbuilding in a slump, losses have remained.

The Government is considering a separate sale of the group's profitable warship activities, but Sir Robert's colleagues are against any splitting up of the corporation.

One name mentioned as a possible successor is that of Mr Graham Day, a Canadian who was once chief executive of the corporation before nationalisation in 1977.

He left because of delays over nationalisation and now works in Canada for Dome Petroleum, running its shipbuilding activities. The Department of Industry, which declined to say if Mr Day was in the running, said: "We are looking at all options."

These councils, along with all other

Collapse in oil prices 'could cause crisis on scale of 1970s'

BY CARLA RAPORT

A SWIFT collapse in oil prices will result in an energy crisis similar to those experienced in the 1970s, according to a Cambridge Econometrics report.

The report states that the underlying supply and demand conditions for oil have not changed in the last few years. On the supply side, weak prices have already caused the abandonment of many alternative energy projects. A further fall in oil prices, it says, will make more marginal oil less attractive to develop.

On the demand side, the report says that a collapse in oil prices will merely encourage consumers to switch back to oil as the incentives

to conserve energy will diminish.

Cambridge Econometrics is the commercial section of the Cambridge Growth Project, a 20-year research project at Cambridge University's Department of Applied Economics.

The group's report on energy, released today, maintains that the large fall in industrial energy demand over the past decade has been offset by rising demand in the non-industrial sectors, such as households, services and transport.

In addition, it forecasts that decline in UK industrial output will be reversed this year, and with it the

councils fare quite well while only a very few do extremely badly.

The result is that without cutting services, or manpower or improving efficiency some councils can cut their rate bills and most others can contain their rises to single figures.

The average domestic rate payment in 1982-83 of about £275 should remain under £300 at about £295 in 1983-84. The average bill in metropolitan areas could rise from £272 to about £300 and in inner London the average bill could be up from £450 to just under £500.

SEAMEN'S union leaders from 12 European countries, including Britain, will meet on board a Finnish ferry in the Baltic Sea this week to thrash out a response to the shipping crisis which has resulted in the loss of 75,000 jobs in the past two years.

The conference is to be held by the International Transport Workers' Federation (ITF). Mr Ake Selander, ITF assistant general secretary, said yesterday the meeting might decide to intensify the fight against flags of convenience. One suggestion is that vessels could be blacklisted until owners met "unpaid wages" to their low-wage Third World crews.

The controversy over cheap Third World crews in European fleets - notably the British and Dutch - has been heightened by a proposal from an ad hoc ITF committee for a phased strategy to bar Western mariners from paying non-domiciled seafarers less than their own nationals by July 1, 1986.

Record business failures

BY DAVID DODWELL

BUSINESS failures in the UK reached record levels in February, with the engineering and metals and the building and construction sectors facing the severest difficulties, according to Trade Indemnity, the leading credit insurance underwriting company in the UK.

A total of 349 Trade Indemnity policy holders reported business failures last month - about 7 per cent worse than February last year, which was the worst month throughout last year for company failures.

In building and construction, the deterioration was much less marked, but with 65 failures reported it was second only to the engineering and metals sector for its total of collapses.

The bright two spots were in textiles and clothing, where failures totalled 41 - nearly one third down on February last year - and the furniture and upholstery sector, where failures were reduced from 48 to 39.

Seamen in jobs summit

BY BRIAN GROOM

SEAMEN'S union leaders from 12 European countries, including Britain, will meet on board a Finnish ferry in the Baltic Sea this week to thrash out a response to the shipping crisis which has resulted in the loss of 75,000 jobs in the past two years.

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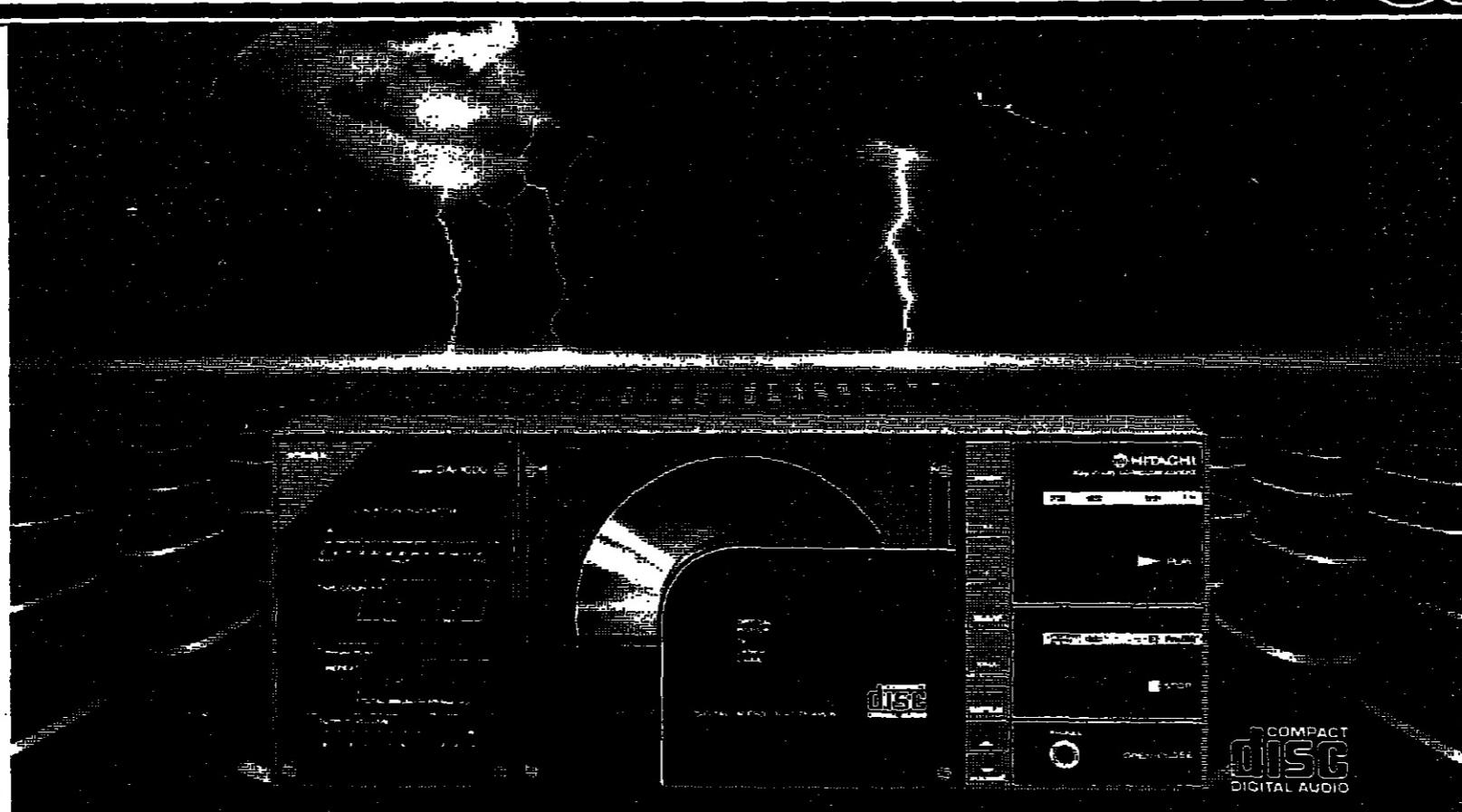
The controversy over cheap Third World crews in European fleets - notably the British and Dutch - has been heightened by a proposal from an ad hoc ITF committee for a phased strategy to bar Western mariners from paying non-domiciled seafarers less than their own nationals by July 1, 1986.

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defects buried within the sound to disturb this illusion. Completely eliminated have been the wow, flutter, scratches, ticks, pops, distortion, skipping and sense of strain during heavily modulated music. Silence is now the complete absence of sordid, rather than an "ocean roar" or hiss.

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UK NEWS

EEC plans new rules to close car price gap

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE European Commission will publish a draft regulation next month which, among other things, is designed to bring new car tax-free prices within the Community closer together. Complaints about the high price of cars in Britain led to the action.

The regulation would allow unofficial traders to enter the market and undercut the official dealer network if there is more than a 12 per cent difference between prices from one EEC country to another.

It would also insist that all manufacturers should supply right-hand-drive cars to any of their Continental dealers as long as the dealer had a customer's order.

These points were made at the weekend by Mr Klaus Stoever, representing the Competition Policy Directorate of the European Commission at a seminar jointly organised by the UK Motor Agents' Association and the European Democratic Group of European MPs.

Mr Stoever, who stressed he was speaking in a personal capacity, said the motor industry had the most restrictive distribution system in Europe - with the Commission's blessing - and it was inconceivable that the system could be allowed to continue when there were such ma-

jer price differences between markets.

The Commission's objective is to put the regulation into effect in January next year but the industry says this will not allow time for consultation and the schedule is too tight.

The manufacturers' view was given by Mr Hans Glatz, secretary general of the CLCA, the EEC automotive industry's liaison committee. He insisted that the Commission was attempting to deal with symptoms rather than the underlying causes.

Price differences were a reaction to market conditions. For example, where taxes on cars were high - such as in Denmark where car tax was 200 per cent or more - the manufacturers had to keep net prices low to maintain any sales or network at all.

The Commission was also ignoring the intense competition between the motor agents and Mr Tony Venables, director of BEUC, the EEC consortium of organisations.

Mr Venables claimed the British consumer had already benefited

from the publicity given to unofficial car imports from the Continent by the consumer organisations because during the past year new car net prices in the UK had not risen at the same rate as those in Continental markets.

The number of cars brought into Britain unofficially, however, had not been large enough to damage the official dealer networks.

Mr Venables produced a table of comparative car prices in the UK and Belgium. This showed the average difference had been reduced from 35 to 21 per cent since June last year "but it is still of advantage to UK consumers to buy cars abroad, depending on the particular model."

Mr Philip Stein, the MAA's public relations director, accused the consumer associations of being "totally irresponsible" in encouraging car buyers to use unofficial channels "in spite of the risks involved and the potential damage to the official networks."

Another MAA member said BEUC was wrong to compare list prices because large discounts on list prices were common in Britain and not in Belgium. "You could save as much by getting a discount in Britain," he claimed.

JAPANESE-OWNED UK COMPANY SELLS TO THE PRICE-CONSCIOUS

Boom in re-exported East bloc vehicles

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

ANYONE looking for a prime example of the complexities of world trade in cars need look no further than the Japanese-owned company which is importing Polish and East German cars to Britain for re-export to developing countries.

Automotive Distributors (AD), based at Tunbridge Wells, Kent, is 60 per cent owned by C. Itoh, one of the top half-dozen Japanese trading houses, and 40 per cent by Tozer Kemsey and Milburn, the UK-based international trading group.

AD imports Mazda cars from Toyo Kogyo in Japan, cars from Poland's biggest factory, the FSO

plant near Warsaw, and also a few from the Warburg company in East Germany.

Warburg cars can no longer be sold in Britain because they do not meet the necessary technical standards. AD, however, is maintaining contact with the East German factory by buying and re-exporting a few to some small markets such as Egypt and Saudi Arabia.

Marketing director Mr Graeme Millar says that since AD started that particular business last spring, sales of the Polish cars to Americans have been running at 70 a month.

This year AD hopes to import up to 6,000 FSO cars - once known as

Polski Fiats - to Britain and a further 2,500 for re-export, mainly to the Gulf states. Saudi Arabia will probably account for 2,000.

Production at the FSO factory fell to only 71,000 last year, but general manager Mr Edward Pietrzak expects output to recover by 20 per cent in 1983 to 85,000, according to Polish press reports.

Mr Pietrzak also says there is no shortage of materials or components now and that FSO is keen to return to the 1978 production level of 4,500 cars in the UK last year, its dealer network expanded from 120 to 160 by the end of the year.

European vehicles, AD goes for price-conscious customers. Sales in Saudi, for example, are mainly to "guest workers" who do not want to splash out on an expensive car while on a short-term contract.

In Britain the FSO range starts at £3,549 and is undercut only by other East European offerings such as the Fiat 126, made in Poland, and the cheapest Skodas from Czechoslovakia. Although AD missed its target of 4,500 sales in the UK last year, its dealer network expanded from 120 to 160 by the end of the year.

Tax haven laws: a question of motive

BRITAIN'S BUDGET IS now just

over a week away, and if there is no general election in June, it is likely that the Chancellor of the Exchequer will at long last give the green light for legislation to combat tax evasion by multinationals.

In a 125-page consultative document published last December, the British Government said its aim was to remove the tax advantages which may be obtained by UK companies accumulating income in foreign subsidiaries located in low tax areas or artificially diverting business profits to such companies.

Five particular types of offshore company are identified as being used currently to achieve these objectives: money-box companies, dividend trap companies, captive insurance companies, invoicing or service companies and patent holding companies. I do not think any honest tax adviser could deny that offshore companies are being used for these purposes, although the scale of their use may be less than the Inland Revenue imagines.

The Revenue estimates that the use of tax haven companies accounts for a tax loss of around £100m a year. In terms of total government revenues this amount is trifling, nor will legislation increase the tax collected by this amount as

companies affected will take counter-measures. The legislation must, therefore, be primarily intended to deter, and to demonstrate to other taxpayers, such as those on PAYE (income tax deducted from wages), that companies will not be permitted to avoid their fiscal responsibilities by the use of artificial offshore arrangements.

if broadly, more than 50 per cent of its share capital is held by UK residents.

A low tax country is one where the local tax paid is less than half of what the UK tax would have been if the CFC's profits (excluding capital gains) are computed according to UK tax rules. The Revenue has promised to publish a list of non-low tax countries which will be

helpful (although if such countries as the Netherlands and Luxembourg are included we must expect that holding companies which enjoy special tax privileges in these countries will be specifically excluded).

The measure of the tax haven charge will be the UK company's share of the CFC's corporation tax liability computed according to UK rules.

There are three defences open to a UK company that is at risk:

• The acceptable distribution test is satisfied where the CFC remits to the UK 50 per cent of its profits available for distribution as shown by its accounts (or 50 per cent if it is a non-trading company). This defence but a valid defence in its

own right. It is on this basis that the Revenue justifies the limited scope of the other two defences.

In my view, it is essential that the motive test be one on which businessmen can rely with confidence. As presently drafted it singularly fails this requirement. Primarily this is because of the uncertain scope and meaning of various new concepts which the test introduces into law (such as "diversion of profits" and "reduction in tax") which require the use of a crystal ball.

The "diversion of profits" test, for example, may require the taxpayer to consider what would have happened to his business had he not established a CFC and, possibly, had instead set up a new company in the UK. Furthermore, the right to appeal against the view taken by the Revenue as to whether a taxpayer satisfies the motive test is very restricted.

I have singled out the motive test for criticism, but there are other matters, such as the wide discretionary powers given to the Revenue throughout these proposals, which should give both the general public and tax practitioners alike cause for concern.

Tony Hughes was a member of the Institute of Fiscal Studies working party to consider Revenue offshore tax proposals.

PRE-TAX CAR PRICES IN BELGIUM AND UK

	UK net price (£)	Belgium net price (£)	Difference net price (£)	Difference (as % of UK price)
Austin Metro 1000 HLS	2,451	2,609	158	24
BMW 320	6,089	5,370	-719	-22
Fiat 127 1.3 Sport T. 3	2,411	2,655	244	10
Fiat 131 super 2000	4,120	3,675	-445	-10
Ford Escort 1300 i	3,836	3,069	-767	-20
Ford Granada 2300 GL	7,470	5,170	-2,300	-30
Jaguar XJ 11 4.2A	13,101	10,901	-2,204	-17
Lada 1200 break	2,243	1,706	-536	-24
Mazda 323 GT 1.5	4,331	3,167	-1,164	-27
Mercedes 230 E	8,016	7,256	-759	-9
Porsche 924 L	5,484	4,213	-1,271	-23
Renault 5 GTL	3,493	7,993	4,500	11
Renault 20 TS	6,297	4,995	-1,302	-23
Rover Vanden Plas 3500	11,157	7,980	-3,177	-28

Source: BEUC

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Mike Gray, Group Energy Engineer, Dunlop Limited.

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For further information please fill in the coupon and send it to the National Coal Board, Technical Service Branch, Marketing Department, Hobart House, Grosvenor Place, London SW1X 7AE.

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UK NEWS

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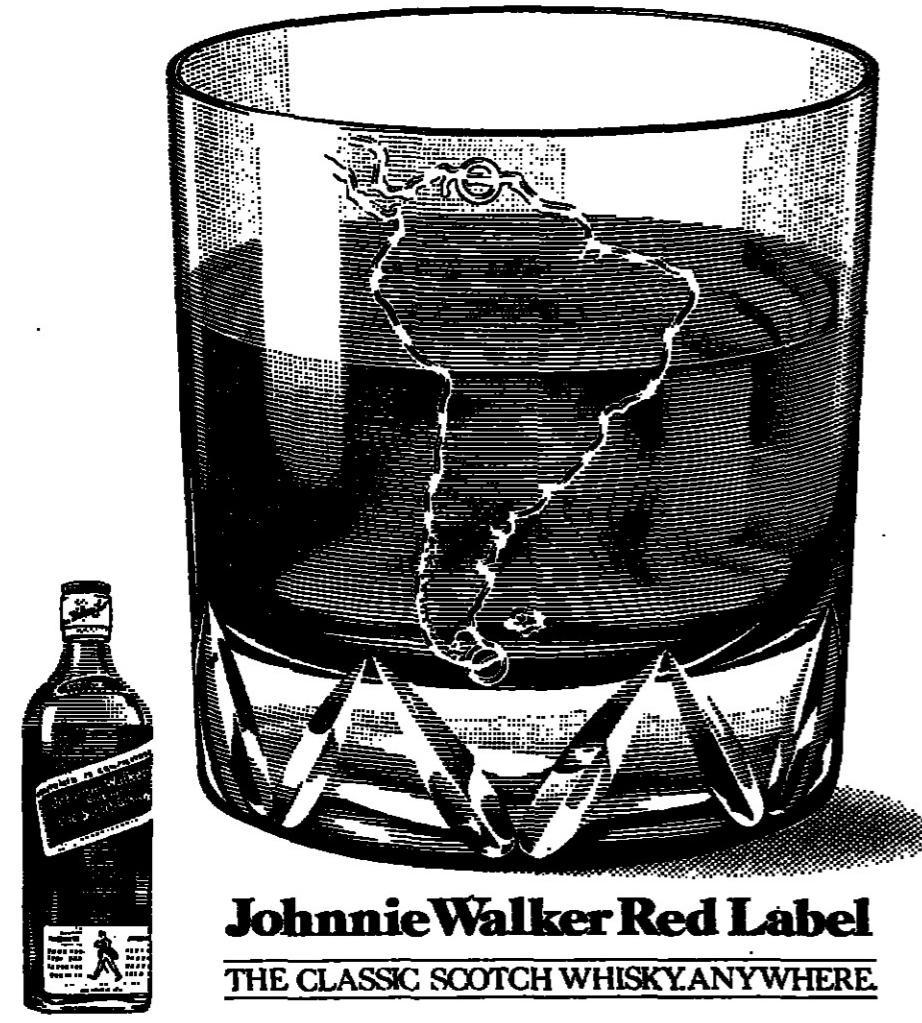
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March, 1983

Isle of Man depositors plan to sue over savings bank collapse

FINANCIAL TIMES REPORTER

DEPOSITORS in the Savings and Investment Bank which collapsed last year are planning to take action against the Isle of Man Government. They consider that it failed to exercise proper supervision of the bank in the month before its licence was withdrawn and it went into liquidation.

About 300 depositors live in the Isle of Man and many have lost all their capital. Mrs Yvonne Dunnigan said yesterday: "We do not want to sue the Government but we want redress." Mrs Dunnigan is representing a group of depositors who are now unsecured creditors.

Their claim is based on the supervision requirements laid down in the Island's 1975 Banking Act. These state that the island's Treasury shall supervise banking operations and give directives on the way this is done. Mrs Dunnigan said she considered that these powers were not properly exercised in the case of the Savings and Investment Bank.

The group also claims that bank officials raised difficulties for people wishing to withdraw their in-

vestment and assured them that their money was safe only a short time before the collapse.

When a creditor's meeting was held last September there were hopes that a scheme which would have allowed the liquidator to repay small depositors could be arranged, with a government guarantee of the loan which would have to be raised.

This came to naught because the liquidator found that recovering outstanding loans was more difficult than had been expected, and because it was not possible to make a selective repayment to a group of creditors.

Recently the liquidators, Mr Michael Jordan and Mr Tim Beer, held out little hope of any early repayment to creditors because they had not been able to accumulate sufficient funds.

The group is seeking support from the United Nations under the terms of the International Covenant of Civil and Political Rights because the British Government, which represents the Isle of Man at the UN, has accepted that the island

government can be sued in the same manner as private individuals.

Last week Dr Edgar Mann, chairman of the Isle of Man Finance Board, said banking licences would, for the time being, be issued on a restricted basis. They would be issued only to internationally-recognised merchant banks wishing to set up branches on the island.

He said this step had been taken to allow time for the setting up of a finance sector supervision department which would oversee this sector of the Island's economy. It would be independent of the Treasury, and would work under the control of the Finance Board.

He added that the intention was for the new department to be based away from Government Office to stress its independence from the Treasury which until now had undertaken supervisory work. Its functions would cover all aspects of the finance sector including unit trusts. Banking and insurance inspectors had already been appointed.

Real public spending still rising, say MPs

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

STATE spending in the public sector has risen and is likely to continue to rise in real terms under a Conservative Government, a report of an all-party select committee of MPs said.

The Treasury and Civil Service Select Committee says the trend shown by its figures runs contrary to the popular view that public spending has been cut. It criticises the Government for failing to provide estimates of public spending for the next three years in real or "cost" terms by allowing for expected inflation.

The committee's advisers have attempted to fill this gap by converting the cash plans for public spending into cost terms using inflation assumptions which the Treasury uses for calculating future social security expenditures.

This calculation showed that in cost terms the public spending total for 1983-84 is expected to be 8 per cent higher than the level of spending in 1978/79.

Plans published last month for spending in 1983-84 represented an

increase of 1.7 per cent over the level in the present year. This is after allowing for assumed inflation rates of 7½ per cent in the present financial year, 5 per cent in 1983-84 and 5 per cent and 4 per cent in the following two years.

The Treasury has cautioned, however, that predicting inflation rates for future years is highly uncertain.

There was concern about heavy underspending of capital allocations. It is estimated that underspending by nationalised industries in 1982-83 will be £500m.

The committee believes nationalised industries, particularly British Telecom, may not have adapted their planning systems to take advantage of the fact that lower inflation allows more real spending for a given cash budget.

The committee says: "It remains our view that much more needs to be done to ensure that as much public expenditure as possible is channelled into those items which will provide continuing benefits in years to come."

Routes switch hits BA

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS (BA) has lost a substantial amount of traffic on its Spain and Portugal routes since these were transferred from Heathrow-London to Gatwick airport, and the routes' profitability has declined by about 20m a year.

BA has told the public inquiry into the plan for a fifth passenger terminal at Heathrow that its share of the overall Iberian scheduled passenger market has fallen sharply, especially on business routes to

Madrid (down 17 per cent) and Lisbon (down 27 per cent).

Its competitors, Iberia and Air Portugal, continue to use Heathrow, having firmly resisted UK Government pressures to make them transfer to Gatwick.

BA has asked to be allowed to move its Iberian peninsula services back to Heathrow, but so far has not received permission. It intends to continue pressing.

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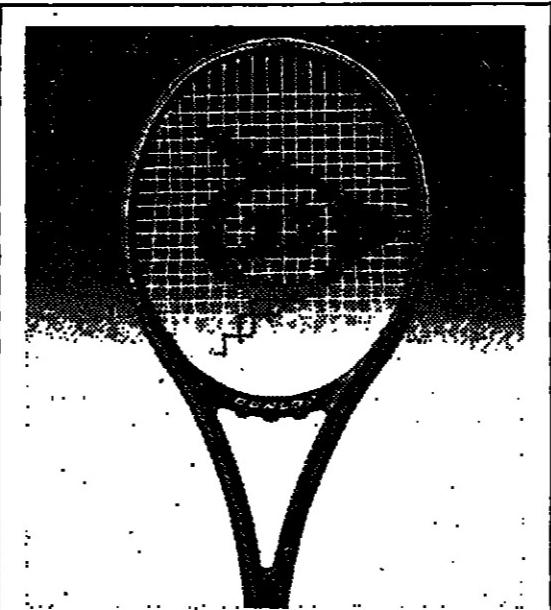
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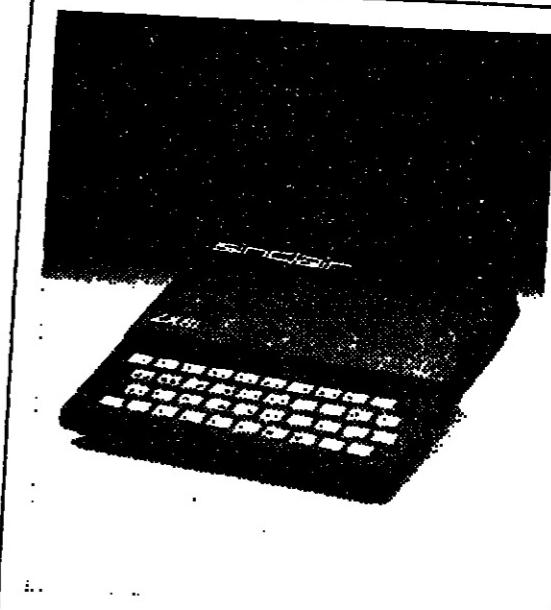
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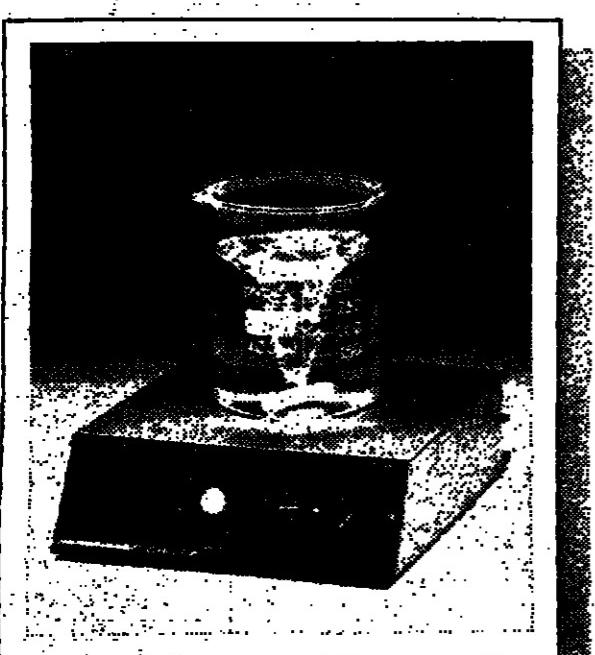
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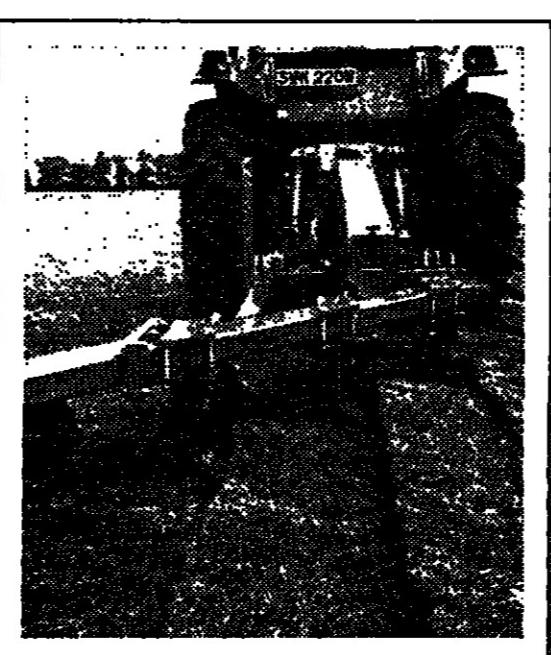
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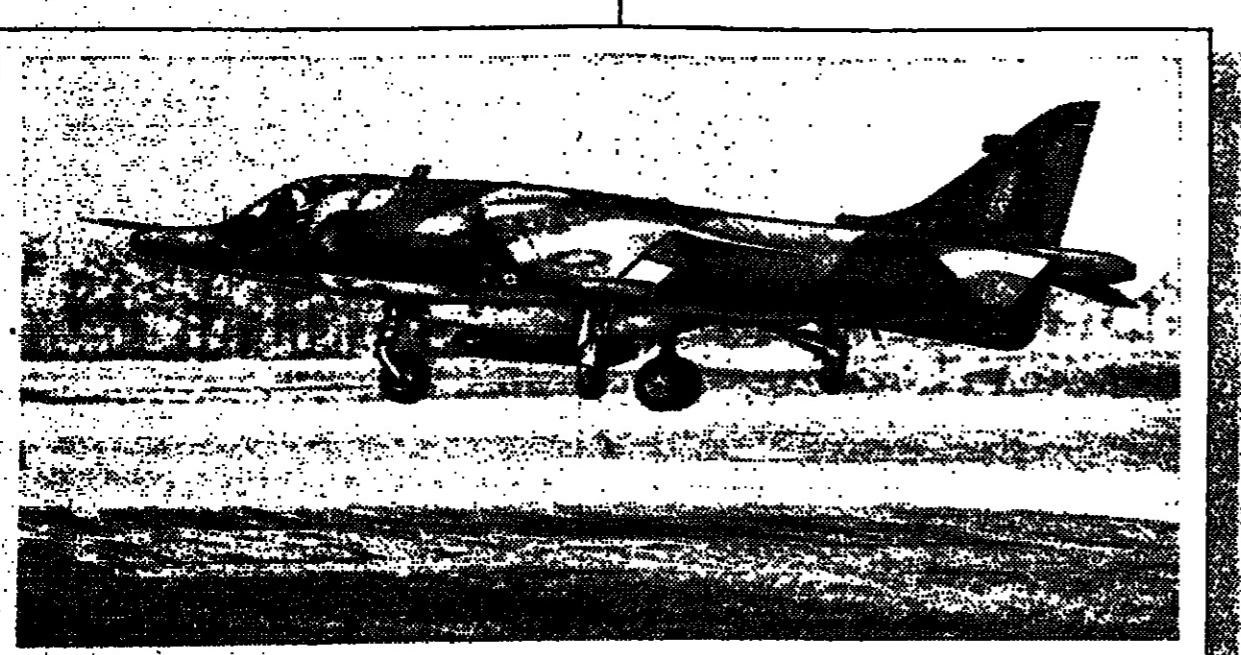
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DEPARTMENT OF INDUSTRY WITH THE DESIGN COUNCIL

BUILDING AND CIVIL ENGINEERING

Falklands reconstruction gets under way

THE BRITISH construction industry is starting to play an increasingly important role in plans for the reconstruction and development of the war-damaged Falkland Islands.

British contractors and consulting engineers are being asked to prepare tenders for a varied shopping list of civil engineering works.

The total value, spread over several years, could be well in excess of £200m. Some contracts have already been let as reconstruction work gets under way.

The largest single item of expenditure will be new airfield facilities. Two alternatives are being considered: an expansion of the existing airfield at Port Stanley, built by Johnston Construction in 1975; or a new airfield at Mount Pleasant, about 30 miles west of Port Stanley.

The decision will have major implications for other military installation and infrastructure contracts.

For example it would seem logical to assume that the islands' main garrison headquarters would be situated reasonably close to the airfield. If the Mount Pleasant site were chosen it could affect the proposed 60-mile road link (al-

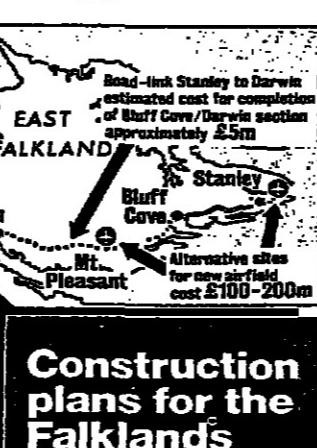
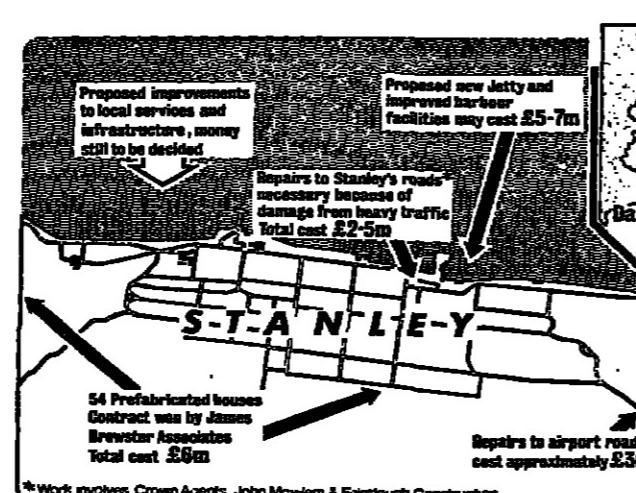
ready under construction) between Port Stanley, Bluff Cove, Mount Pleasant and Darwin.

The route between Port Stanley and Bluff Cove had been largely completed by the Falklands Public Works Department when the Argentine invasion took place. The road is being built to "minimum, graded gravel standards" and the stretch between Mount Pleasant and Port Stanley would need to be up-graded if it is to carry additional airfield traffic.

It has been estimated that, to complete the road to existing planned standards, could cost around £5m using outside contractors.

The Ministry of Defence is being characteristically coy about the possible costs of the airfield project. The most reasonable "guesstimate" is that costs could be between £100m and £200m, probably nearer the latter.

The Property Services Agency which owns and manages Government property will be handling negotiations on behalf of the MoD. Three contractors consortia containing some of Britain's largest and most experienced international contracting groups, have been asked to consider tendering



and will be sending experts to look at potential sites.

The three teams of British contractors which are due to fly to the Falklands shortly are made up of a Costain/Tarmac joint venture; Wimpey, which has joined forces with Woodrow; and Laing and Mowlem, also working together. It is hoped that construction of the new airfield facilities might

start in October or November this year.

Most of the works planned for the Falklands will be modest by international standards. They will, however, test the management, organising skills and resourcefulness of the companies involved.

The overwhelming problem is the remoteness of the Falklands, more than 8,000 miles

away from Britain in the South Atlantic. Virtually everything contractors will require (local food and sand apart) will have to be shipped. Local labour is in short supply so that men, materials, heavy equipment and back-up services for workers and management will have to be imported.

The two projects are already under way. A small but well equipped team led by the Crown Agents and including key representatives from John Mowlem and Fairclough Construction has been dispatched to assist with urgent repairs to roads in Port Stanley. The total cost of repairing around 4 miles of roads is estimated at £2.5m. In addition a contract for the supply of 54 prefabricated houses was won last year by James Brewster Associates. The total costs of the works, including the cost of shipping materials and equipment as well as site service work to be handled by the Public Works Department, is likely to be around £5m.

In addition to handle the heavy traffic they now have to handle.

In addition, repairs and improvements are required to roads leading from the town to the Port Stanley airfield. The Crown Agents/Mowlem/Fairclough combination is also expected to handle this work and will be sending out an additional team to the Falklands. Total costs could be around £5m.

Aside from all these works, the Government has also made available £3m for the development of the islands. About half this is expected to be spent on construction projects.

Included in the potential supply list is a new army camp and improved harbour facilities which could cost in the region of £5m to £7m. Selected consultants are expected to be asked to tender for a feasibility study within the next few days.

Other money has been earmarked for improvements to local services and infrastructure, such as roads, power, water and sewerage systems. How and where this money will be spent may depend upon whether the military will continue to be based largely in Port Stanley.

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John Laing moves to Scotland

JOHN LAING is to extend its housebuilding operations to Scotland.

The Scottish operation will expand as development sites are located, but the plan is to build 500 homes a year within the next year or two.

Allan Thomson, managing director of the Laing Homes subsidiary, says that his company and the allied Super Homes offshoot will this year be aiming to build 2,000 private homes south of the border—a substantial increase over 1982.

To put Laing's plans in perspective, Barrett, the industry leader, could lift its total from 14,000 to 16,000 houses this year, while Wimpey is currently both selling and building at an annual rate of between 12,000 and 13,000.

Based in Glasgow, Laing's Scottish operation is being led by Marshall Bryce, until now divisional managing director of Leach Homes in Scotland.

"We plan to increase our housing business as fast as market conditions and opportunities



Mr Marshall Bryce who heads Laing's new Scottish team

permit," says Mr Thomson. The Scottish move, he says, is a planned diversification from Laing's housing base in the South East of England, where it sees a potential limit on expansion created, first, by problems in finding enough land and, secondly, by the way high cost land has made housebuilding capital-intensive.

Looking for above-average growth potential in private housing, Laing has moved late in 1980 with computerised design, stock control, supply and delivery. They are timber framed. "We can build them more quickly, and have less money tied up in stock," according to Mr Thomson.

"Laing will be concentrating on areas of need," said Mr Thomson. He sees his market in accommodation for singles and small families, both young and old, who are entering the market or trading down.

"We are starting from nothing in Scottish private housing," he said, "but the group has been active there for many years." John Laing Construction is probably one of the biggest general contractors in Scotland, and the group has been responsible for a considerable amount of council housing, both new and refurbished, in the country.

WILLIAM COCHRANE

Swindon-based housebuilders Swindon Estates has acquired 4.4 acres of prime residential land south of Winchester. The company is planning a mixed development of 150 houses, which will be known as Cathedral View.

Following the successful British participation in the first SAUDIBUILD exhibition in 1981, the Building Materials Export Group is again sponsoring a group at the second SAUDIBUILD to be held in Riyadh October 23 to 27. The British Council has agreed to support this exhibition, which means that British companies can save about 50 per cent of the cost of "going it alone". There will also be assistance with travel costs.

Ulster orders slump

WHILE construction companies on the British mainland are reporting a slightly more optimistic (or less pessimistic) start to 1983; the same is not true of their Northern Ireland counterparts, who remain in the doldrums.

The latest state of trade published by the province's Federation of Building and Civil Engineering Contractors says: "There is still no indication of any improvement in the level of activity within the construction industry."

Mr Gordon Burnison, federation director said the state of trade survey conducted last month showed: "no improvement in workload or employment prospects for the

INTERNATIONAL CONTRACTS

£25m Egyptian hospital for Higgs & Hill

HIGGS AND HILL has signed a £25m contract with the chairman of the Cairo Organisation for Health Care for the design and equipping of the Pyramids Hospital, Giza, Egypt. The design is based on a Percy Thomas Partnership scheme for the Midland Bank international project finance group. This will provide funds for 80 per cent of the goods and services provided by UK companies, together with ECGD support.

TEAMWORK MALAYSIA has started work on a 14-month contract worth £3.9m, to build passenger and aircraft facilities for a new air terminal to service the offshore oil industry in the

South China Sea. The Kertah airport at Kemaman is being built for the State Economic Development Corporation, Trengganu, and is on the east coast of Malaysia—about 220 miles from Kuala Lumpur. It will be used by helicopters and short take off and landing aircraft. Teamwork Malaysia, an associated company of the Taylor Woodrow Group, will build a terminal building and control tower, fire and rescue station, garage and a fuel store. These will be generally of reinforced concrete frame construction with blockwork and brickwork while an aircraft hangar, also to be built as part of the project, will be steel-framed with metal cladding and roof. Completion is scheduled for February 1984.

HUNTING SURVEYS has been awarded two contracts as part of the construction of the Norwegian North Sea gas gathering pipeline system on behalf of the Statipol development project. The first is valued at over £1.1m awarded by McDermott International to provide navigation aids positioning equipment onboard the laybarge LB 2000 throughout construction of the 30 inch and 28 inch pipelines to and from the Karmoy shore approach. The work will be undertaken through the 1983 and 1984 laybarges seasons. The second contract, awarded by Statoil, will be carried out under a joint venture agreement between Hunting Surveys and Odin Survey and Oceanographic Company of

Norway who will provide a survey vessel to support the ETPM laybarge 1601 on the Heimdal to Ekofisk section of the proposed pipeline.

The contract, worth over £5m, will require the Odin/Hunting joint venture to locate the dynamically positioned survey vessel

LB "Ladon" which will be equipped with both Scorpio ROV and ORE seabed inspection systems, and will be engaged in prelay, and postlay pipeline inspections and surveys.

The vessel will also be involved in pipeline monitoring and touch-down during the construction phases of the project. The joint venture will be operating survey and subsurface acoustic positioning systems.

UK CONTRACTS

Y. J. Lovell makes a start on £9m Ludgate Hill office scheme

Norwich Union Insurance has placed a £5m contract with Y. J. LOVELL (LONDON) for the construction of a six-storey air-conditioned office building on the corner of Ludgate Hill and Old Bailey. The insurance group is redeveloping the site at a cost of £9m, under a lease from the City of London Corporation. Plans are for 57,500 sq ft of office space, six shops at ground level, and a rebuilt Y. J. Lovell public house on Ludgate Hill which will continue to be run by Scottish & Newcastle Breweries.

R. M. DOUGLAS CONSTRUCTION has contracts totalling £3m. Bass Wales and West is having a distribution depot and a public-house built in the Swansea enterprise zone. The 52-week contract, valued at £1.6m starts in May. At Carmarthen work has started on the 200,000 sq ft of workshops for the Wales and Marches Postal Board with completion due in November 1983.

Other contracts include 12 factory units totalling 1,300 sq metres for Neath Borough Council and additional work on the Pont Abraham service area at the west end of the M4 consisting of restaurant and shop facilities for Radchel.

W. WERNICK AND SONS is to take down and re-erect a gymnasium at New Cross Hospital, Wolverhampton, for LINEN BUILDING, Cannock, who have a £500,000 contract to build a new two-storey ward block for the West Midlands Regional Health Authority. The gymnasium, previously erected by Wernick's, is to be demolished almost at right angles to the existing site to enable the ward block to be built. The contract is worth £145,000 to Wernick.

A £4m contract has been awarded by the London Borough of Hackney to WILLIAM MOSS (CONSTRUCTION) to refurbish 327 flats in 15 blocks in Homerton High Street. The company is to build a school in Bermondsey, a Neighbourhood Centre in the London Borough of Brent, for £700,000. Nearby, at Hoxton Road, Willestock, the group will build an extension to the telephone exchange, for the Property Services Agency under a £1m contract. Business in Liverpool includes the Ocean Terminal Building at Wallasey Dock, Birkenhead, and the Department of the Environment, in a contract worth £15,000.

Contracts totalling about £6m have been awarded to TARMAC CONSTRUCTION. One of the largest, worth £1.6m, is to build a sports hall, swimming pool and ancillary works at Headingley, Bradford, for the Reading Board Council. Cubitts—part of Tarmac Regional Construction—has contracts for repairing and repainting 660 homes at Huyton, Merseyside, for Knowsley Metropolitan Borough Council, worth £1.5m; modernising 20 flats at Liverpool's north £446,000; and modernising 24 flats at Liverpool, south £446,000; and

refurbishment contracts totalling £1.6m have been awarded to the south eastern region of JOHN LEWIS CONSTRUCTION. Phase two of the scheme is to be completed by the end of 1983. Under a film contract, the company will build a council depot at Yate for the Northavon District Council.

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TECHNOLOGY

KAWASAKI ANNOUNCES SMELTING REDUCTION PROCESS

The 'less fussy' blast furnace

BY CHARLES SMITH IN TOKYO

EVER SINCE the invention of the blast furnace as the basic tool for making pig iron from iron ore, steelmen have been bothered by one basic problem. Blast furnaces require iron ore which is lumpy enough to leave room for the circulation of air during the smelting and reduction process. Yet much of the ore produced by the world's iron mines is powdery.

A new iron making process which can use fine ore, and which accordingly cuts out the need for costly processes such as sintering or pelletising, has just been announced by Kawasaki Steel Corporation.

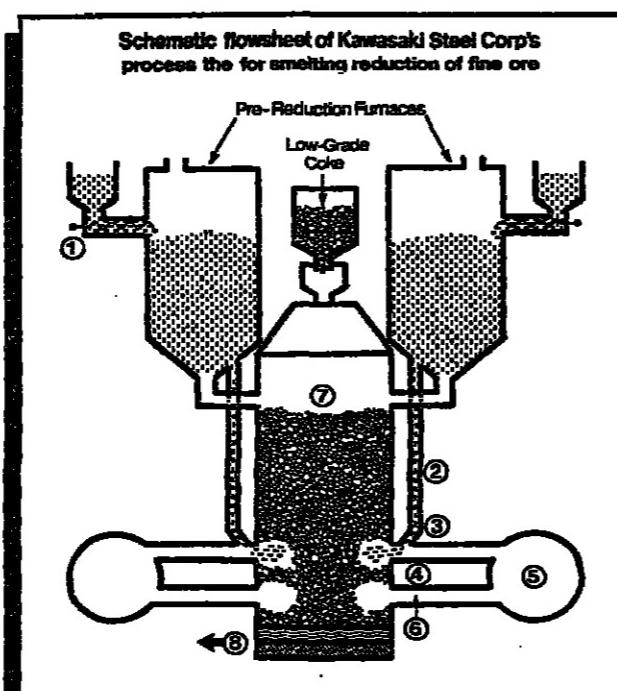
The Kawasaki process, known as the smelting reduction process for fine ore, involves the same basic metallurgical changes as those that go on inside a blast furnace. The difference is that it splits the fine ore into two, and by doing so divides the system that is less familiar to the type of smelter, both of coal and iron ore, that can be accepted.

Mixing

Stage one of the Kawasaki operation consists of a pre-reduction furnace in which about 70 per cent of the oxygen contained in raw iron ore is removed through indirect reduction (in lay terms this means that reduction takes place by mixing the ore with gases rather than by direct carbonisation). In stage two the remaining 30 per cent of the reduction process is accomplished directly (i.e. by carbonation) along with the smelting process that separates pure iron from impurities.

Apart from the fact that the Kawasaki process divides into two stages a job which the blast furnace combines in one, the method features important differences in the ways in which coal and ore are charged into the furnaces. In a conventional blast furnace iron ore and coal are stacked in layers with the lower layers coming under tremendous pressure from the piled up coal and coke above them.

In the Kawasaki process coke is fed into the top of the main furnace while partly reduced iron ore and a mixture of hot



Key to diagram: 1. Fine ore is charged into the furnace without prior agglomeration. 2 and 3. Injection of pre-reduced iron and air from the furnace tuyeres. 4. The slag overflows. 5. The main pipe for extraction of hot blast of air. 6. At this point the hot blast of air contains slag and pulverised coal. 7. The main smelting reduction furnace and 8. The slag, molten iron/ferro alloys

claims, be easily adapted to the refining of ferro alloys, where it would mean that coal became the main energy source instead of electricity.

Japan's prohibitively high electricity costs have almost ruined its small ferro alloy industry (as well as the much larger aluminium industry).

Kawasaki claims that the energy bills for its coal fired method of producing ferro alloys would be about 50 per cent less in Japan than those for the conventional electric powered process.

Although Kawasaki claims to be 100 per cent satisfied with the workings of its new method under test conditions (at a pilot plant built last year at its Chiba works), the company still has to build a demonstration plant that will reproduce conditions in a full-sized steel works and demonstrate that the system is commercially viable.

Kawasaki expects to have a

100 tons per day demonstration plant operating in three to five years time. If that turns out all right there should be no problem about stepping up capacity by a factor of roughly 100 to achieve the capacity of one of today's big blast furnaces.

Like a number of other recent technological "breakthroughs" announced in Japan the new Kawasaki process owes something to Europe. Swedish steel companies have introduced a number of versions of the smelting reduction process during the past 10 years and Kawasaki engineers undoubtedly benefited from a study of these.

What Kawasaki claims for its own system is that it uses coal, instead of the electrically generated plasma that fuels the Swedish systems. Without this change, as Kawasaki points out, the process could never have been viable in Japan.

SWEDISH COMPANY BOOSTS PURIFICATION WORK

Biotechnology transition to full-scale production

BY ELAINE WILLIAMS

IN THE end the products we help to make end up inside someone. You always have to remember that," says John Curling, general manager of Pharmacia Fine Chemicals' large scale chromatography unit.

His division at Pharmacia Fine Chemicals, which is part of the Swedish Fortia pharmaceutical group, is increasing its activity in industrial purification of biological products. It believes some of the major biotechnology companies make the difficult transition from laboratory preparation of biological products such as insulin, human growth hormone and interferon to full scale production.

Dr. Bywater, who was seconded from the Fortia group to work as part of the research team at Uppsala University's Wallenberg Laboratory, said:

"The agreement with the government created a lot of resentment among other Swedish pharmaceutical companies. I am afraid they will just have to live with that. We simply thought of the idea first."

Pharmacia Fine Chemicals is spending between SKr 400m and SKr 500m over the next two years on buildings and equipment in Sweden, the UK, the US and Japan to serve the growing needs of biotechnology companies.

It has also made company acquisitions to bring in any expertise it does not have already. For example, in December last year Pharmacia Fine Chemicals acquired PL Chemicals, a maker of some of the starting materials in biotechnology, including recombinant DNA.

PL Chemicals was previously owned by Papet in the US, a major brewery group which set up PL Chemicals originally to develop brewing yeasts.

Also in 1982 the group entered into a six-year development programme with Uppsala University. This is jointly funded by STU, a Swedish government agency. The aim is to provide basic research in molecular biology which can help both the company and the country acquire the know-how it needs in biotechnology. With it Fortia hopes that new products can be developed so that it can help increase its market in the growing biotechnology industry.

The new group of about 50 scientists hopes to fill in the gaps in knowledge in cell and molecular biology. The group has total funds of SKr 36m and it is headed by Professor Per Peterson. Some of Pharmacia's staff will work in the team so that contact between the university and the company will be close.

Chromatography can make use of one or several characteristics of a particular molecule so that the wanted substance can be purified. Such characteristics range from its size, shape, and isoelectric point to attraction to other molecules.

One of the newest of these technologies is affinity chromatography which is based on the attraction of, for example, of an antigen to an antibody or an enzyme to an inhibitor. This allows scientists to be very specific about the substance to be isolated and purified.

Pharmacia is not alone in the separation market and faces strong competition from a number of companies such as Bio-Rad Laboratories and Millipore in the US. Mr Carl-Eric Sjöberg, vice-president of the Fortia group said: "We are facing more and bigger companies than ourselves so we tend to concentrate on individual projects which make it difficult for the competition." To do that Fortia has to combine areas of knowledge which are spread throughout the companies in the group.

Increasingly, Pharmacia Fine Chemicals has turned its attention away from serving the academic research market to companies such as Eli Lilly in the US and Novo in Denmark which is moving out of the laboratory stage for insulin production into manufacture.

At present 40 per cent of its business is to industry, the rest in research. Few years ago it was only 10 per cent industrial work.

The growing importance of industry is highlighted by a comment in Genentech's 1981 annual report which said: "Recombinant DNA is the driving force of biotechnology presenting opportunities than any one company can address." However, the report continues: "Laboratory creation of a new product is the first step. It begins to count only when the product is purified and packaged."

For such companies, scaling up the production of products made using biotechnology has been hindered by extracting the wanted material from its tiny chemical cell factory and its subsequent purification. The wanted product is mixed in with all the cell debris plus several other, perhaps potentially dangerous, by-products.

As Duncan Low, marketing services manager of the large scale chromatography put it: "You are faced with getting out the product you want from something that is the consistency of soggy porridge."

From this soggy mess must come an extremely pure product and Pharmacia Fine Chemicals has a clear programme of design of industrial equipment.

It is involved with many companies in a number of major and pilot plants throughout the world, and see the thrust of its growth coming from this market. Last year the Fine Chemicals group grew by about 35 per cent and is looking forward to the biotechnology boom when it finally does take off.

It is expected that its financial results, due out this week will reflect this.

Help for golf addicts

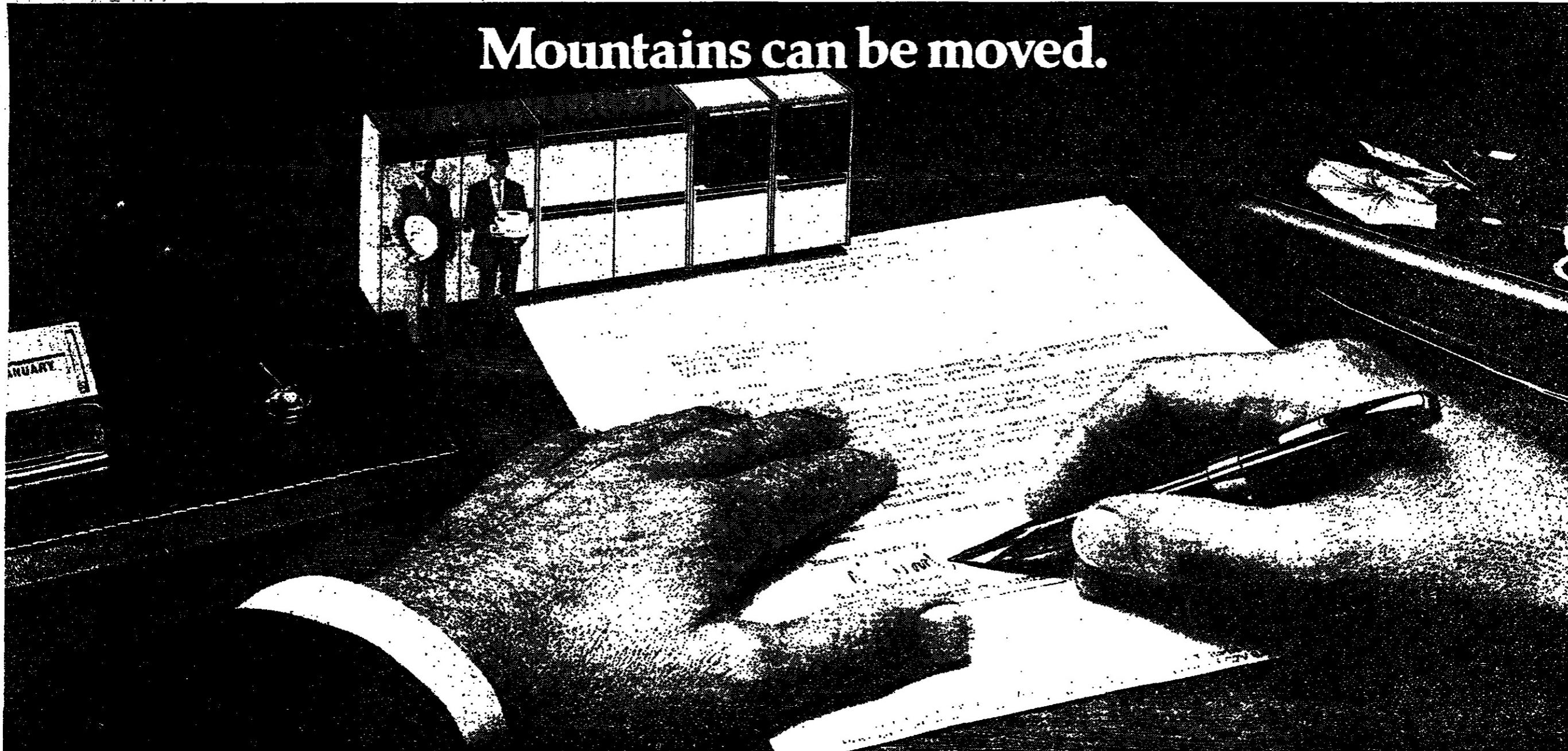
Accuracy and distance with new Dunlop range

Dunlop has launched a new range of golf clubs designed to help the handicap golfer achieve greater distance and accuracy without the need to alter his natural swing.

As the different molecules move down the column, their progress is impeded by different forces so that one molecule will take longer than another to leave the column so that they can be separated. Liquid

are topweighted to compensate for the increased loft, and the irons have a higher toe than conventional clubs to give a more penetrating flight.

Both woods and irons will retail at about £30. Details from Charles Denir at Dunlop House, 25, Ryder Street, London W.L. (Tel: 01-832 6700).



In the sixties there was a mountain of machinery in the computer room called a mainframe. It didn't move.

And people queued to have their data processed by the computer room staff.

Then, in the seventies, distributed minicomputer systems put terminals at every desk. And interactive computing came of age.

But now companies need computers that combine the development facilities of a mainframe with the flexibility and

responsiveness of a minicomputer.

In other words, they need to put mainframe power at every desk.

The Personal Mainframe

Which is why so many companies today rely on DECSystem-10 and -20s to integrate their existing mainframe and minicomputer systems for maximum productivity.

We call these systems Personal Mainframes because they allow up to 512 people direct and interactive access

to mainframe power.

Our Personal Mainframes mean ease of use, increased productivity, responsiveness, versatility and low cost per terminal.

But then we have been offering unmatched price/performance in large scale interactive computing since 1966.

Complete the coupon to see how our Personal Mainframes can make your company more productive.

After all, seeing is believing.

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

AMONG the ships stranded in Luanda harbour during the closing stages of the Angolan civil war in 1976 was a freighter carrying 35 jeep-type vehicles made by the little-known Brazilian company of Gurgel.

Trading on the old colonial link between the two countries, Gurgel had built up a modest business in pre-independence Angola. The company's two-wheel drive vehicles were more costly then—but they were both more comfortable and more durable than today's version. They were also more economical to run than their main competitor, the vintage American Willys' Jeep of Second World War fame.

For a company founded only in 1969 with a bank loan of \$5,000 the loss of the 35 vehicles sent to Angola could have been serious. But as it turned out, the war there resulted in the vehicle manufacturer's largest ever single order.

The Marxist-led MPLA, in control of Luanda and well on the way to winning the war against its Western-backed rivals, mounted machine guns on the Gurgel vehicles and sent them into action. "One of their first actions on taking power was to order another 200," Antonio Carlos Cardoso, Gurgel's young export sales manager, says proudly.

The X-12, as Gurgel names its vehicle, was responsible for 80 per cent of the company's total sales last year of 1,256 vehicles. About a quarter went abroad.

A gaily-striped, canvas-top version is popular in the Caribbean as a tourist rental car. In fact the company claims that the majority of the cars running around on the tiny island of Saint Martin in the British Virgin Islands carry the Gurgel emblem.

Exports, usually in small numbers, have gone to 45 different countries. Peru and Lebanon, among others, have bought the military version.

The figures vindicate the belief of Joao Conrado do Amaral Gurgel, the company's founder and chief shareholder, that he could take on the multi-national vehicle manufacturers dominating the large Brazilian market and hold his own—on his chosen ground.

"I decided to go for the smallest segment of the market," says Gurgel. 56. Jeep-type vehicles make up only a half of 1 per cent of all vehicle sales in Brazil, and competition—in the shape of Ford, which imports Willy Jeeps, and Toyota—is regarded by Gurgel as weak.

How a Brazilian car maker has carved a niche in a specialist market

Andrew Whitley reports on Gurgel, the man and the company



Joao Conrado do Amaral Gurgel with his new model, the XEP executive urban car, and the Itaipu, an electric-powered van

Once Ford of Brazil's highest paid engineer, the U.S.-trained Gurgel decided 13 years ago to break out on his own; to make cars of his own design in association with Volkswagen do Brasil, the leading local manufacturer and still his main components supplier.

It is a link which has stood Gurgel in good stead, extending from the supply of engines and transmissions to "piggy back" transport arrangements and dealerships. In the near future this unlikely seeming couple are to team up in a joint venture assembling Gurgel models in Indonesia.

The early key to the small Brazilian company's success was Gurgel's own development of a

"monoblock" chassis composed of laminated steel and plastic. All Gurgel vehicles also use glass fibre for their bodies.

The formula creates highly economical, almost indestructible vehicles which have a very high resale value within Brazil.

An American visitor recently told me the durability of our cars was too long," says Gurgel grinning. "We give them a guarantee for 100,000 kilometres, but their average life is 10 years."

Within Brazil, the Gurgel vehicle has successfully exploited an image of exclusivity and fashion, reflected in a high price tag.

The basic, unadorned version of the X-12 now costs

Cruisers 2.5m (\$6,460 after the recent devaluation). In contrast, Fiat's 147 model and General Motors' Chevette, the cheapest cars available in Brazil, are a good one third cheaper.

The front entrance to the Gurgel premises, a red brick factory set in the rolling green hills of Sao Paulo state's rural interior, boasts the sign that spotlights another facet of the company's ingenuity: this is indeed "the first electric vehicle factory in South America."

The Brazilian inventor claims to have achieved the weight/range breakthrough which vehicle manufacturers around the world have been striving to achieve with electric propulsion.

For much of last year Gurgel was hard at work at his favour-

ite place, the drawing board. The results are two new models just now coming into production: a versatile cross-breed of a pick-up and a country cruiser, and a wide-bodied luxurious three-seater designed as an office car for the chic executive who has everything.

Gamboling on their acceptability, Gurgel is to double total production in 1983, from a current average of 150 vehicles a month to 320.

The Brazilian company is also going international this year, with Panama having been selected as the base for assembly operations for the whole range of Gurgel vehicles, mainly for export to the Caribbean and other Central American countries.

One customer in Souza Cruz, the giant cigarette-making subsidiary of Britain's BAT Industries. For the past four months two Gurgel electric-powered vans have been in use with Souza Cruz's 1,800 strong delivery fleet.

Although it is still early days, Souza Cruz feels it has made a good investment. "We don't intend to change over our entire fleet. But they work satisfactorily in urban areas and we hope to buy more in future," says the company.

To survive and prosper in such a competitive field, especially with such low volume production, Gurgel has always been aware of the need to keep overheads down. In 1975 he moved out of Sao Paulo, where most of the other vehicle manufacturers are located, because "labour was too expensive and the workers' living conditions were too bad."

There are no assembly lines in the Gurgel plant, no transfer machines or other sophisticated equipment. Vehicles are assembled in "islands" by groups of workers, in a version of the system pioneered in Sweden by Volvo.

With the help of a capital injection of \$3m from the State Development Bank, the BNDES, Gurgel is to invest in new equipment this year, mainly in the paint shop, in an effort to raise productivity.

Over the past two years of recession for the industry, when the big Brazilian manufacturers—Ford, GM, Volkswagen—were caught up repeatedly in mass dismissals and strikes, Gurgel laid off no one. To strengthen the bonds of loyalty he is now contemplating giving his workforce lifetime guarantees of employment.

To survive the collapse in demand which hit the entire vehicle industry in 1981 Gurgel moved heavily into specialised versions of its existing range, producing one-off vehicles for such uses as ambulances or fire engines.

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Why Hyster plays the aid game

WHEN last month workers at Hyster's Scottish plant accepted a reduction in pay, the big U.S. forklift truck manufacturer not unnaturally aroused suspicions that it was taking unfair advantage of its staff in the unemployment blackspot of the south west Scotland.

But despite the grumblings of "unfair" and "blackmail" from the shopfloor and some Scottish politicians, Bill Watson, the Scottish manager at Irvine who had worked for Hyster in the U.S., was able to put the other side of the coin. "Bill Kilkenny is the guy I feel sorry for," he said, "his accent moving back and forth across the Atlantic. He's the one with the pistol at his head who could see years of hard work going down the tube."

Within the past year Kilkenny has cut his company's international workforce of 9,000 roughly in half and closed or cut back five plants. Every one in Hyster has taken a cut.

The corporate sweep of the 84-year-old chairman's mind centres on a profitable company with a worldwide turnover of \$583m. It does not pause over local issues such as social responsibility in industry, brightened south west Scotland. To him the Japanese are a greater foe than a protesting Scottish public or a grumbling worker.

Automatic

Pay cuts, factory closures and trimmed capacity are all part of Kilkenny's fitness regime in response to worldwide overcapacity for forklifts which is estimated to be about 35 per cent.

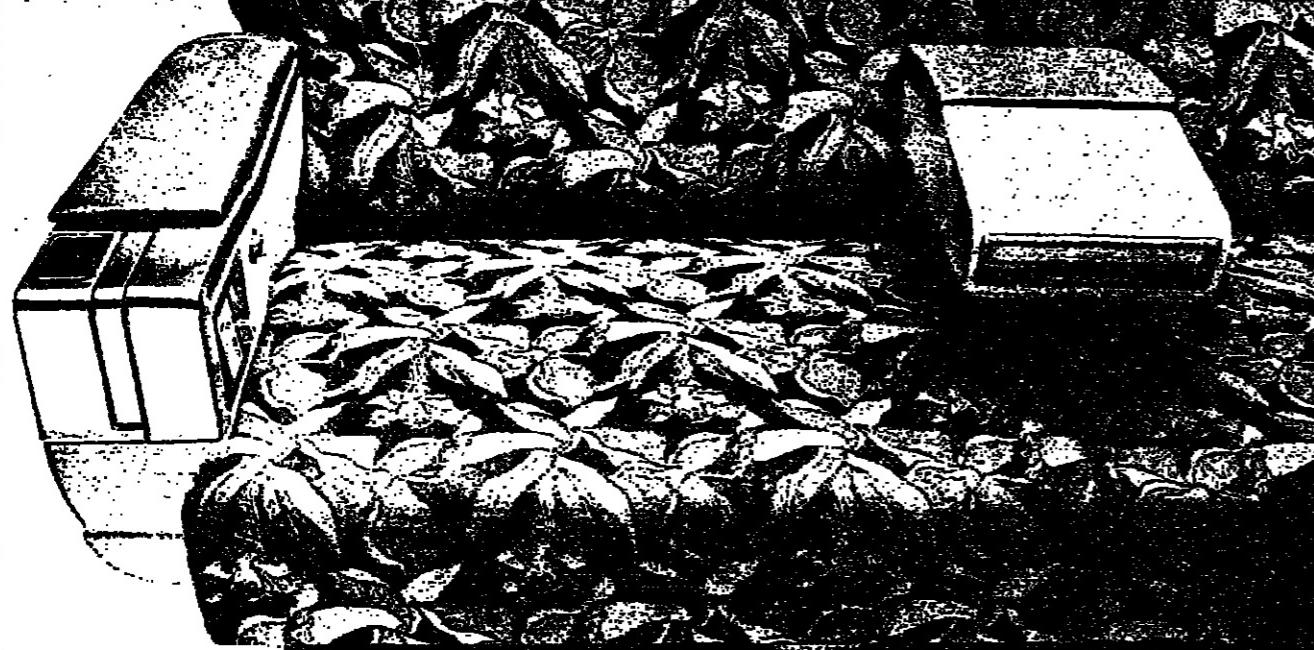
The company has also tried to create one source for each range of forklifts in Europe. Its most modern works in Northern Ireland will concentrate on the small machines which are the strong point of the Japanese. Large vehicles will be made in the Netherlands. Hyster's plant at Nijmegen will lose most of its medium range production to Irvine which will concentrate on medium to large machines.

Meanwhile Hyster is cultivating an automatic materials handling equipment plant in the Republic of Ireland, its only move towards any sort of diversification. Kilkenny sees automated material handling as a logical extension of the forklift truck.

Not spelled out was the obvious

Mark Meredith

To create a really top business class we started at the bottom.



Announcing the arrival of Thai's new Royal Executive Class.

Designed to improve Business Class, we started out where a passenger spends most of his journey:

On his seat.

The result on our 747 Jumbos, is a First Class seat in every sense of the word. Bigger. Wider. More comfortable.

Not surprisingly, we needed more room to put them. So we created two spacious areas. One located upstairs where the First Class lounge used to be. The other downstairs with only twenty-four seats instead of thirty-five.

This means the aisle is not only wider, but there's considerably more space between your seat and the one in front. Catching forty winks is also

easier because the new seat reclines a full twenty inches.

Enough on seating. On to eating. Part of any great service is serving great food.

In Royal Executive Class we go one better and give you a choice of menus.

So now, you can choose between the Chicken Legs and the Beef Stroganoff.

Served on elegant

china with fine cutlery and table linen.

Other niceties in the air include a selection of excellent wines and liqueurs, cheeseboards and baskets of tropical fruit, electronic headphones for your ears and comfort socks for your feet.

On the ground we offer speedy check-in at special Royal Executive

Class counters plus lounge facilities at most airports.

What's more, all this can be enjoyed for just the full economy fare, or a little more on certain intercontinental routes.

Royal Executive Class is also available on our DC10 flights to the Middle East and our A300 routes throughout the Orient.

So even if you change planes, you start and finish your journey in style.

For the ultimate in Business Class, fly Thai's Royal Executive Class.

We think you'll appreciate it from top to bottom.

The Formula for becoming Number 1.

KEKE ROSBERG

The International Finn. Formula 1 Driver, born 1948

First caught the motor racing bug at his father's motor club.

Began with go-karts and Formula K, and took the Finnish Championship at the age of only 18.

Switched to Formula Vee in 1972, and inside a year had made himself European Champion, picking up the Finnish and Scandinavian Championships along the way.

Keke signed a professional contract in 1974, and moved into the Super Vee class. The result was seven straight wins, and second and third place in two other races.

Made the jump in 1978 to the really big league, to Formula 1, and finished tenth in the 1980 Drivers' championship.

Keke won his first Grand Prix in 1982, at Dijon, was runner-up at Long Beach, Zolder, and Osterreichring, and took third places at Zandvoort, Diepholz and Hockenheim. With these placings Keke became the 1982 Formula 1 World Champion. Number 1 in Formula 1, 1982.



NESTE

Energy & Chemicals & Shipping

NESTE OY

The Finnish International Oil Company, born 1948.

Was established to secure Finland's supply of oil products.

First Neste refinery on stream in 1957.

On completion of second refinery in 1966 rapid growth to become largest oil refiner in Nordic Countries.

Next step was to expand in the direction of petrochemicals, using refinery products as feedstock.

But today Neste is much more than just an oil and petrochemicals company. For several years now the company has handled the import and distribution of natural gas in Finland. The Neste fleet is as much at home with shipments of gas and chemicals as with crude oil or oil products. Neste has a fully-fledged battery manufacturing industry, with plants in several countries. All sectors of company operations are backed up by experts from the engineering and R&D fields.

Today Neste has grown into the giant of Finnish industry, the largest industrial enterprise in the country. Number 1 in Finnish industry.

Jeffrey S. Lefebvre

THE ARTS

The Mastersingers/Glasgow

Max Loppert

Given the deeply troubled state of Scottish Opera finances and the black clouds hovering over the company's immediate future, such a performance as I saw of *The Mastersingers* at the Theatre Royal on Saturday—first revival for five years of the 1976 production—is not just a pleasure but something of a wonder. The company has plenty to distract attention from its main business—opera in general and the Wagner centenary in particular—but now: insistence by the Scottish Arts Council on an immediate moratorium on touring has necessitated the cancellation of the remaining Edinburgh portion of the current season as well as of appearances at Perth and Inverness.

Worse, Opera Co Round, that invaluable small-scale touring operation, has been wound up—"temporarily" is the adverb still being used to modify the cessation of activities. A devastating table printed on the front page of the latest Scottish Opera News lists in pitiful detail the monies allocated to the company by the 19 district councils within the Strathclyde Region (in no case does the individual sum amount to more than 0.631 per cent of the council's Leisure and Recreation Budget); in the case of three councils, there is no provision at all.

Perhaps the whole posse of civic dignitaries should be rounded up for a crash course in Metierwissen—the art of what is in itself almost lost, especially clear in English translation) in what art means to the community, and in this



David Wall and Alessandra Ferri in "Valley of Shadows"

Architecture

The Young Idea

Gillian Darley reviews the work of the next generation of architects

When Vitruvius appealed to "your divine intelligence and will, Imperator Caesar" he was setting a model for dedications that would serve architects well. First in the long line of architects who want to be remembered by their words as much as by their buildings, Vitruvius had no qualms in addressing such fulsome compliments to the man in whose person all patronage ultimately lies.

In the 18th century architects such as James Gibbs or Robert Adam could find equally obsequious words for their powerful patrons; after all today's dedicatee or subscriber could very well be tomorrow's client.

Whether by indulgent verbosity or a failure to demonstrate what on earth it is they are up to, a few of the young architects have wasted a valuable opportunity. The blame, undoubtedly, lies with the schools who too often fail to cure the dangerous symptom of confused language, the best early indicator of a more profound failure of nerve. Interestingly much of the best work steps outside the narrow confines of architecture and embraces the wider sphere of design.

What is refreshing in most of the work on display is the relative absence of what might be called architectural cant. Visit any end of year display at an architectural school and the walls immediately point to this Year's Fashionable Architect. A couple of years ago it was all whitewashed pencil drawings, à la Michael Graves, another year it was the disinterred genius of Schinkel. There will, inevitably, always be a model but the hope is that the mimicry will pass. On the evidence of the Young Architects show, influences are apparent but largely assimilated—they inform but have, with an exception or two, not enslaved.

Of course, these architects are a hand-picked group. The crème de la crème of that generation in its late twenties, early thirties (in the selecto's opinion, at least), they make a healthy showing at a time in which it must be dispiriting to start on an architectural career. Buffered by fashion, abused by public opinion, misled by official patronage and policy, architectural offices are not comfortable places these days.

Looking at the exhibition there is a resilience and a sureness of purpose which bodes well for the profession and points to the probable emergence of some of these 14 as considerable figures in the architectural world before too long.

Edinburgh Festival plans for 1983

The Edinburgh Festival this year, between August 21 and September 10, will have a Viennese theme. The centenary of the death of Wagner and the birth of Weber offers the opportunity for an examination of the arts in Central Europe after Wagner, with the emphasis on the cultural life of Vienna. The programme ranges through the music of Bruckner, Mahler, Schoenberg and Berg, and the art of Klimt, Schiele and Kokoschka, and the writing of Hofmannsthal and Rilke.

There will be a major exhibition entitled "Vienna 1900".

with paintings, designs, furniture, costumes, etc. But the Festival is not exclusively continental. The Opera Theatre of St Louis will give the European premiere of *The Postman Always Rings Twice* as well as Delius's *Fennimore and Gerda*. Hamburg State Opera is bringing over a double bill of operas by Alexander von Zemlinsky based on Oscar Wilde stories and Mozart's *Die Zauberflöte*. Another feature will be the visit by the Ballet of the Komische Oper of East Berlin, with an original reworking of *Swan Lake*. The theatre programme will be announced in April.

The Custom of the Country/Glasgow Citizens'

Michael Coveney

Although collected in the works of Beaumont and Fletcher, *The Custom of the Country*, first performed in 1619, is more probably a collaborative effort between Fletcher and Philip Massinger. Either way, it's a collector's item the Glasgow Citizens' have unearthed, a strangely compelling pictureque set of lust and love set in the streets of Lisbon after two brothers and a virgin have left Italy to preserve the latter from the custom of the country. That is, from a count who sleeps with each new bride married on his behalf.

A modern piece introduced into the programme: Andrew Davis's own *La Serenissima*, a short orchestral essay, quite neatly and crisply scored, and dwelling in every measure on a wealth of richly expressive 20th-century detail.

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A modern piece

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
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Monday March 7 1983

Supermen are not enough

THE CONFUSION over the Government's offer of the chairmanship of the National Coal Board to Mr Ian MacGregor adds another instalment to one of Britain's longest-running serials—the difficulty of finding top executives willing and able to run nationalised industries.

In this case the uncertainty has had an unfortunate side effect. Mr Arthur Scargill, president of the National Union of Mineworkers, has used Mr MacGregor's undeserved reputation as "the butler of the steel industry" (Mr Scargill's phrase) to revive his members' waning enthusiasm for an all-out battle against pit closures. Whether Mr MacGregor takes the job or not, the episode will not have helped relations between management and union in the coal industry.

While there are special factors in Mr MacGregor's case—he is 70 and his family wants him to return to the U.S.—the recruitment problem stems mainly from successive governments' inability to work out clear policies for the nationalised industries and to implement them consistently. Successful businessmen often decline top jobs in the public sector because they do not believe they can manage effectively in the face of erratic interference from ministers and civil servants. It is not easy to run, say, British Rail in the absence of a policy for the railways, or British Telecom when Ministers seem to make up new policies as they go along.

Firmness

Finding supermen to run nationalised industries, even if it were possible to do so, is not a substitute for policy. Britain has a high cost coal industry not because management has been poor, but because governments have been weak—most recently in 1981 when the Thatcher Government ran away from a confrontation with miners over pit closures.

It is easy enough to state what the coal industry needs: concentration of output in productive mines, removal of protection, closure of the long trail of uneconomic pits, direct financial support for energy.

In general, the present Government has the right approach to the nationalised industries—introducing competition, selling off what they can to the private sector and reducing subsidies. But each industry has to be analysed carefully. The timescale for action will vary from case to case and should be determined by what is feasible, not by the date of the next election. Hiring a Michael Edwards or an Ian MacGregor, desirable though that may be, is only part of the answer.

A squeeze on farm prices

THE EUROPEAN Community is approaching the moment of truth as it gears up for this year's critical farm-price fixing negotiations. If the member states go along with the Commission's proposals for trying to contain over-production in the farm sector, they have a chance of controlling the costs of the farm policy and of mitigating the looming conflict with the U.S. over world trade in farm products.

If they go for generous farm price increases, as urged by the European Parliament and Cope, the European farmers' union, they risk a budgetary crisis later in the year and an open trade war with the U.S.

In the context of the common agricultural policy, "generous" is a relative term: the 7 per cent demanded by the Parliament and Cope is below the inflation rate in several member states, and is significantly below the extra 10.1 per cent increase awarded last year. Nevertheless, the case for even smaller increases is defined by the Community's failure to curb the growth of surplus farm production, notably in dairy products and cereals, but also in sugar and colza.

The acuteness of this over-production problem is highlighted by the Commission's updating of its 1982 output figures, which show that dairy supplies expanded by 3.5 per cent whereas consumption remained virtually static.

Vocation

The Commission's general strategy is to squeeze the over-producers by giving them below-average price increases. The average price increase being proposed for next year is 5.5 per cent, because the increase in dairy output in 1982 has proved even bigger than was recently thought. The proposed price increase for dairy farmers has been cut back from 3.2 to 2.4 per cent. Similarly, the proposed price increase for cereals—the output of which reached record levels in 1982, has been cut back to 4 per cent.

Such a strategy does not, of course, begin to satisfy the objective of eliminating or even reducing surplus output and the surplus producing member

states, such as France, Holland, Ireland and Denmark, would claim that they have a "vocation" to be agricultural exporters. Whatever the nature of this vocation, strict limits will sooner or later be put on it by the budgetary squeeze in the Community.

The importing member states have steadily increased their self-sufficiency in food and even the UK is a net exporter of barley and some milk products. The excess output from the traditional surplus countries can be placed only on world markets, at the cost of substantial export subsidies, or taken into storage.

Objectives

Managers capable of running nationalised industries are usually independent-minded men. They do not take kindly to being ordered around by politicians. The threat of privatisation is a powerful weapon they know the Government shuns from the thought of having to find a successor. It is all the more essential for objectives to be agreed at the time of appointment, or re-appointment, and thus to avoid the kind of bickering which has been going on between Sir Denis Cooke at British Gas and the Secretary for Energy.

In general, the present Government has the right approach to the nationalised industries—introducing competition, selling off what they can to the private sector and reducing subsidies. But each industry has to be analysed carefully. The timescale for action will vary from case to case and should be determined by what is feasible, not by the date of the next election. Hiring a Michael Edwards or an Ian MacGregor, desirable though that may be, is only part of the answer.

Government policy towards the railways also differs. British governments have allowed BR to operate with a fair degree of commercial freedom—which has both advantages and disadvantages—while French and German governments interfere.

In general terms, for example, BR is allowed to get on with setting its fare levels.

By contrast SNCF is still awaiting government approval for a 5 per cent fare increase that it had planned to implement in January. In West Germany, and France, the government uses quantity licensing to

restrict the amount of freight that can be taken by road. But

acute for DB and SNCF—each of them carry massive amounts of debt on their books, which results in much higher interest payments than BR has to find mostly to the detriment of rail.

Both the West German and French rail systems have the advantage of operating over longer distances, when rail

is to be more economic for both passengers and freight. (There are exceptions, however:

BR's very profitable haulage of coal from mine to power station operates over fairly short distances.) BR's longest uninterrupted freight haul is London to Scotland, about 450 miles. Many freight hauls in France and West Germany would be twice that length. Freight traffic, not much more than a trickle in Britain, is a considerable source of business to continental rail systems—one third of freight carried by SNCF is international.

The common thread that runs through all three rail systems—but they have not been implemented. Although their politicians express considerable concern over mounting railway

deficits, Sir Peter Parker's

deficit is said specifically that

priority will be given to the

railways as a mode of transport.

He has huge problems—SNCF's total debt now stands at FFr 50bn—but he does not have to question whether the railways have a future.

Dr Reiner Gohlke took over

as chairman of DB in May 1982.

Previously a director of IBM

Germany, his appointment by

the Schmidt Government,

accompanied by a top manage-

ment shake-up, was designed to

make DB more commercial. He

is reasonably optimistic about

the commercial future of DB, if

only because there are very

few companies which have as

much space for making better

use of their resources as DB."

He has battled to fight with his

political and administrative

masters, notably on the rate at

which he is allowed to shed

labour (not a problem for Sir

Peter Parker, but he does not

have to justify the need for

railways.

M Andre Chadeau, SNCF

president appointed in Septem-

ber 1981, has the support of the

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ITALY'S TRADE UNIONS

The lessons of the 'hot autumn'

By John Lloyd, Labour Editor

OUTSIDE THE headquarters of the Unione Italiana del Lavoro—the smallest of Italy's three main union confederations—a sudden loud cacophony erupts in the narrow streets. As one man, a long column of demonstrators has begun to bang on tin cans, blow horns or just scream. The protest is meant for the Labour Ministry block away, with the evident intention of stopping the bureaucrats working.

It certainly disturbs affairs within the UIL. Enzo Mattina, the UIL's deputy general secretary smiles apologetically, and closes the shutters.

The incident might have been a metaphor for Italian trade unionism: the disciplined and aggressive proletarians outside the highly trained leadership inside, recalled at playing off against each other the complex and shifting strands in the Roman political establishment. This is still part of the reality: but the Italian labour movement has changed very much over the past ten years, and is currently having to confront the consequences.

The changes are unlikely to diminish the importance of the unions. In contrast with the U.S., the subject of the first article in this series, the economic and political pressures are likely to ensure that the unions will remain a major force in the years to come.

Where German unions were recreated and developed after the last war largely independent of political party, Italian unions were woven into the political texture. The unified Confederazione Generale Italiana del Lavoro (CGIL) was created in 1944, largely by the antifascist parties, and staffed by their officials.

Tensions between the political parties, the dominant one in the labour movement being the Italian Communist Party (PCI), led to the Christian Democrats and the Social Democrats splitting in the late 1940s to form the Confederazione Italiana dei Sindacati Lavoratori (CISL) and the UIL. These groupings became largely party creatures: all tended to be responsive to shopfloor demands; successive governments paid them scant attention as they presided over

POWER TO THE REAL WORKER

LUCIANO LAMA (right), peasant's son, former resistance fighter, one-time Communist deputy, general secretary of the CGIL, conforms to no-one's preconception of a Communist union boss. Leaning back in his office which Mussolini built to house the fascist built to house the fascist he says: "If we are to establish the independence of the unions from all other forces, then the real worker—must choose. There is no homo-syndicato or homo-politicus—the worker, he is, is his own preoccupation."

Sig Lama learnt that the hard way. Like other union leaders who tended to see the workers as political counters, he had to change under the pressures of the 'hot autumn' or be reduced to impotence.

He has changed, and his union with him: like the PCI, whose formal policies are generally to the right of the British Labour Party, the CGIL often sounds like a pragmatic British or German trade union, and has attempted to acquire the shopfloor organisation of its former members.

Indeed, at 1977 "summit" with the employers, with the evident need to take account of leaping inflation, and faced too with a PCI anxious to become a partito di lotta (struggle), Sig Lama rapidly jettisoned the previous insistence that wages had no effect on inflation and said, in a famous interview, that "one established a certain wage level and a certain employment

a rapid expansion in the economy which owed much to the unions' inability to drive up their members' wage rates.

The "hot autumn"—the phrase used to describe the period of student and labour unrest in 1968-70—threw into sharp relief the perils of distancing a disaffected industrial base from a politically oriented leadership.

The workers demanded higher wages, which they won in the early and mid-1970s as government and employers back-peddled before the explosion. They also won more industrial clout through a greater say in union affairs.

The political consequences of these demands was momentous. The union confederations drew together to refuse and control change from below. In 1972, they established a loose hal-united confederation, which has since developed some com-

mon services and a small bureaucracy.

There are evident strains, but the alliance has produced a more unified stance in bargaining which all would be loath to give up. And there has been a formal and informal weakening of political loyalty.

Formally, all the

confederations agreed in 1972 that party political office was no longer compatible with union leadership. Sig Luciano

Lama, secretary general of CGIL, for example, came off the PCI's central committee and gave up his parliamentary seat. Informally, and more importantly, the greater strength of the labour movement in the 1970s, the development of increased leverage over government and the need to compromise individual positions for the sake of a united front, have combined to press the unions towards policies which can be seen by their members to be in



their direct and immediate interest and work to union rather than party advantage.

Italians are often sceptical about how far their unions are independent: but union leaders especially Sig Lama of the CGIL, insist upon it. Yet the structure of the biggest union, with a communist dominated executive, still inclines it towards the PCI—though fierce arguments are common.

The changes on the industrial front have been no less far-reaching. They adopted a strategy of bargaining directly with the Government on issues other than wages: but continuing and deepening economic crisis stiffened the resolve of the Government and the employers. Dr Paolo Annibaldi, chief negotiator for the Confederation, says Dr Paolo Annibaldi, chief negotiator for the Confederation, the main employers' body: "We always said yes, and that masked the reality of the situation. Now we are on the employers' side, have the power of desperation."

The showdown has not, however, come suddenly: the system is peculiarly ill-suited to show-

downs, being above all accommodating to compromise. The various elements in the crisis focused down to an 18-month wrangle over the wage indexing system, or *scala mobile*.

The *scala mobile*, first introduced in 1946 and greatly improved in the unions' favour in 1975 when they were at the apex of their bargaining strength, is based on an index of prices for commodities assumed to be basic to the life of an Italian family. It has gone from its base of 100 in 1975 to 335, for each one percentage point which these prices rise, an extra one-off payment of £8.00 (£3.80 was added to workers' pay. Over the course of time, the *scala* came to represent 60 per cent of gross pay.

The agreement reached last month owed much to the political skills of Vincenzo Scotti, Labour Minister. It reduced the worth of each index point to £6.000; in return, basic wages will be raised to a £100.000 maximum over 21 years. Government will take over some social security costs from industry and raise some of these benefits.

Longer term problems remain. The unions have yet to show if the flexibility demonstrated is lasting, or a one-off weariness: they also face, as Sig Annibaldi puts it, the problem of the growth in strength of the autonomous unions (the "autonomi"), who are affiliated to no confederation and use ultra-militant tactics to gain ultra-wage advantage and members. The employers, with much less that they aimed for, remain the *scala* push hard before the negotiations begin again.

Painfully, the unions switched tack. They adopted a strategy of bargaining directly with the Government on issues other than wages: but continuing and deepening economic crisis stiffened the resolve of the Government and the employers.

Plans for reform abound, including proposals for a legislative framework for bargaining and a limit on the right to strike, especially in the public services. Labour Ministry officials are adamant, however, that no root and branch "British style" attack on union privilege is envisaged. The balance of social forces remains of paramount importance: in these scales, the unions' weight seems unlikely to be diminished in the near future.

• This is the second of a series on the labour movements in leading industrial countries. The first, on the U.S., appeared on February 17.

Lombard

A very English status system

By Samuel Brittan

THE LOW STATUS attached to pecuniary success in industry in Britain is the theme of Martin Wiener's *English Culture and the Decline of the Industrial Spirit, 1850-1980* (Cambridge University Press, 1981). This volume has become almost a cult book in management education circles in Britain, but I have just got round to reading it.

Professor Wiener describes several inter-related British attitudes which, in the contempt expressed for material success, "getting on" and profit maximisation as individual motives, hostility towards capitalism and even more the capitalist system; the low status accorded to industry, compared with finance and the professions, let alone the grander pursuits of the farmer or landed gentry; the exaltation of the country above the town in literature, essays and the musings of politicians right across the political spectrum; the reverence for the past over the present and future; and boasting about the nationalistic desire for progress and change.

Even management education began in country house style. The author refers to institutions like Henley "housed on an archetypal country estate". Such institutions "spread a pastoral, gentry veneer over rising young executives". The head of one such establishment privately reflected: "We are really in the civilising business here."

The *London Business School* itself is rebuked for the influence of "John Nash, the creator of its magnificent home. You enter nearest the noise and hubbub of urban London walking into a humdrum, convex modern shell... A few paces east you emerge cradled by the concave Palladian splendour of the old front. Here, it was said, every man is a king."

By 1939, the author remarks, the predominant form of organisation in the British economy was "uncompetitive private enterprise in partnership with the state". Even in Thatcherised Britain that is not a bad description, as the work of the Department of Industry confirms.

These preferences only become a political or economic malaise when they are combined with material aspirations incompatible with them. It is this combination which Professor Wiener fails to explain or even highlight.

Letters to the Editor**Special steels—imports and defence applications**

From Mr D. Dangerfield

Six—Your report (February 26) that Aurora is closing down its last special steel making operation and that the main importers from West Germany, Sweden, France and Austria seem certain to consolidate their hold on the UK market, has alarming implications for UK special steel users and through them, though less perceptibly, for UK defence policy.

The competitive position of the UK special steel users is now threatened by the abilities of these overseas suppliers to exploit their dominant UK market position 100 per cent in their pricing policies.

As you yourself report, last

December the three biggest European producers "imposed" an 8 per cent increase in tool steels in the UK market and further increases may be in the pipeline.

At these higher price levels the remaining UK special steel producers may return to profitability, but what is to prevent the overseas suppliers embarking on a deliberate policy of price cutting at some future date, with the sole purchase of driving these remaining UK special steel producers out of business, thereby consolidating their dominant position in name as well as in fact? The implications for UK special steel users are serious.

Developer, surveyor, agent and journalist alike.

N. A. de Berry,

Noel Alexander and Partners,

70, Queen Victoria Street, EC4.

Cyprus—North

and South

From the Secretary General, Turkish Cypriot Chamber of Commerce

Sir—Representing the economic and commercial community of Turkish Kibris (North Cyprus), we would like to comment on the report "Polly Peck faces Cyprus charge" (February 24).

There is no doubt that the Turkish Cypriot side is in good administration and the Greek Cypriot administration in the south. That there shall be a final accounting at the end of the inter-communal negotiations is accepted. But the following facts should be borne in mind.

The report might create the impression that it is envisaged that vast areas of the territory of the Turkish federated state of Kibris including the Guzel-yurt (Morphou) will be given to the Greek Cypriots in the event of a political settlement and that it is only the Nadirs' activities in North Cyprus and their export of citrus fruit by them that "may prejudice an acceptable settlement of the dispute between the two communities." Although the negotiations which are taking place in the current intercommunal talks are strictly confidential, a glance at the public statements made by the Turkish Cypriot leaders, at the highest level, from time to time, show quite clearly how misleading is the impression which has been created regarding the future of this area of the Turkish federated state of Kibris.

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Just as the Turkish Cypriots are looking after and maintaining former Greek Cypriot

Many of these sophisticated tool and high-speed steels are used in machining processes that have defence applications, not least in the nuclear submarines which are to be constructed to carry the Trident nuclear deterrent. How independent is an independent deterrent, or other aspects of our defence industries, when the supply as well as the price of a key engineering material is at the behest of non-UK producers?

David Dangerfield,
c/o 107 Stoneyhill Rise,
Scunthorpe,
Doncaster,
S. Yorks.

owned groves, orchards, etc, so the Greek Cypriots in the south are also cultivating and using Turkish Cypriot lands in the south. About 15 per cent of the citrus fruit grown in the south is produced on land owned by Turkish Cypriots and about 40 per cent of all wines and wine products in the south is produced from vineyards belonging to Turkish Cypriots.

As pointed out there will be a final accounting for all reciprocal claims when a final settlement is reached. In the meantime, abandoned property on both sides must be looked after and maintained in the interests of all concerned and of Cyprus as a whole.

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SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Monday March 7 1983



Speculation likely to intensify over France's borrowing

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

"NO BANKER has come here and offered us a \$3bn credit. If one did, I would show him the door." With these words on Friday, a senior French Treasury official offered what has become an almost routine denial of persistent speculation that the French Republic would soon launch another jumbo loan in the Euromarket.

Speculation about France's foreign borrowing plans is, however, likely to intensify now that the West German elections and the first round of the French municipal elections are out of the way. There is believed to be a long queue of French entities waiting for Treasury approval to launch Euromarket borrowings, and this approval has been held up to allow the Treasury to assess actual needs in the light of foreign exchange market developments after the elections.

The speculation has been further fuelled by the fact that French borrowers have largely shunned the Eurocredit market so far this year, raising only \$300m in the first two months, according to latest figures for Morgan Guaranty. By contrast, their activity in the bond market has been intense with offshore doubling to \$2.6bn.

So will there be an avalanche of French credits now the elections are over? French bankers themselves are still very cautious on this point, even though the country's January trade deficit of FFr 8.6bn was far higher than expected, suggesting that borrowing needs this year might have to be increased.

Skeptically, figures such as this seem to speak in favour of a large \$3bn credit. Yet French bankers are inclined to believe official denials that such an operation is planned. It would be a dangerous gamble after France has already raised \$4bn from the Eurocredit market last autumn and the country cannot risk a flop. Moreover the French Government seems set on taking internal measures to reduce its trade deficit.

Coupled with a devaluation of the franc has come here and offered what has become an almost routine denial of persistent speculation that the French Republic would soon launch another jumbo loan in the Euromarket.

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The general feeling in the market on Friday night was one of weariness. When Bank of America announced a complicated \$300m deal in the afternoon some dealers admitted they were not even going to look at it properly until Monday.

"I'm fairly bearish right now," a senior new issues manager said. "I think we're building up an inventory problem that's going to nip us. There is a fair amount of unsold paper around. But everybody just brings more deals."

The problem in the unregulated dollar sector is that if one borrower thinks interest rates are on their

way down, the chances are that most other borrowers share his view. So a bullish feeling on rates will bring a flood of new issues and consequent indigestion. You might say the market's eyes were too big for its stomach.

That is not to say the demand is not there for fairly-priced issues. But a combination of ambition among the borrowers and competition among prospective lead-managers has brought several issues to the market at coupons that are slightly too low.

That was the view on Friday's Bank of America issue. Priced at 93%, it carries a coupon of 8 per cent and matures in 1988. With each bond is a warrant that entitles the holder to buy a bond from the same series at a price of 95 within the next year. About \$200m is being re-issued in the fact that only one

\$100m, without warranty may be added during this year. The Bank of America is leading the issue, and the yield at issue price is 9.67 per cent.

Another deal out on Friday showed signs of fierce competition for the coveted position of lead-manager. American Express came to the market on a coupon of 10% per cent for a seven-year, \$100m bond. Morgan Stanley is leading the deal, with Orion Royal and Shearson American Express as co-lead managers.

But the most striking example of aggressive pricing came from the European Economic Community on Tuesday. It issued a \$75m, 12-year, 10% per cent bond, priced at 99% per cent. Last week's bond opened at a hefty discount of 4 points below its issue price. On Friday it was quoted at a discount of 2 in very thin dealings.

Although the EEC is rated AAA by the market, many investors avoid buying its paper. Some dislike supranational institutions and governments. One dealer said: "The EEC deals are backed by its member-governments, and if any one government backs out, it may

London Bank, Daiwa Europe, agreed to join the co-management team.

Coupons on new issues are usually based on yields in the secondary market. But an equivalent EEC bond, also due in 1995, carried a coupon of 11% per cent - 3% points above Tuesday's issue - and was still trading at the time at a discount of about 1½ points. Last week's bond opened at a hefty discount of 4 points below its issue price. On Friday it was quoted at a discount of 2 in very thin dealings.

While the supply of bonds has been increasing, Swiss investors have been deserting the bond market in search of greener pastures. The equity market has become increasingly popular, boosted by expectations of economic recovery, and, as a result, equity-linked bond issues experienced the only price rises in the bond market last week.

Others investors steer clear of the EEC in particular. A new issue manager said: "The name is getting to be a problem because every deal they bring is too aggressively priced and trades down in the secondary market."

The Swiss market is also suffering from a maul of indigestion. Market conditions were cited by the European Investment Bank as the reason for postponing its planned Tuesday issue of a SwFr 100m bond. Investor-demand is low, while there are many borrowers attracted by low Swiss interest rates - between 5 and 6 per cent for public issues.

For the Japanese, in particular, the Swiss market is a good place to raise money. With an historically strong yen there are few currency worries, and a bullish equity market in Japan means convertible issues can carry coupons as low as 3½ per cent.

But life has become more difficult for them in the past week. Asahi Glass, priced on Wednesday, reduced its issue amount from SwFr 100m to SwFr 80m because of poor demand, and both Suzuki and Tohoku Electric power had to come to the market with coupons of 8 per cent to attract enough buying interest. A Swiss banker said: "It's not as easy to get money for Japanese borrowers now as it was a year ago."

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INTERNATIONAL BONDS

Aggressive pricing brings a bout of indigestion

BY MARY ANN SIEGHART IN LONDON

"THE LAUNCH of so many new issues showed that things could get done, but it wasn't the easiest of weeks." If one did, I would show him the door." With these words on Friday, a senior French Treasury official offered what has become an almost routine denial of persistent speculation that the French Republic would soon launch another jumbo loan in the Euromarket.

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But life has become more difficult for them in the past week. Asahi Glass, priced on Wednesday, reduced its issue amount from SwFr 100m to SwFr 80m because of poor demand, and both Suzuki and Tohoku Electric power had to come to the market with coupons of 8 per cent to attract enough buying interest. A Swiss banker said: "It's not as easy to get money for Japanese borrowers now as it was a year ago."

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INTERNATIONAL CAPITAL MARKETS AND COMPANIES

U.S. BONDS

Rally maintained on hopes of lower oil prices

THE RALLY in the U.S. credit markets continued last week with both Government and corporate bonds posting further moderate price gains.

Nevertheless the U.S. markets have entered a critical phase as the evidence of an emerging recovery mounts, short-term rates remain sticky, and the Treasury launches another burst of auction activity.

The bidding factors remain the expectation that further cuts in oil prices will exert additional downward pressure on inflation, and the belief that the Federal Reserve Board's current accommodative stance will endure.

Despite some renewed market nervousness on Friday which clipped earlier gains, the

more important, the M3 figure due out this Friday, M3 is still way below target and M2's recent distorted rapid surge is likely to moderate.

But the deficit question has also crept back to the forefront of market psychology. Last week the Treasury sold \$21.4bn in three-month, six-month and 45-day bills to raise \$10.05bn in new issues. Within the next five weeks the Treasury is expected to raise an estimated \$80bn in regular and cash management bills and \$13bn in new one, two, four, seven and 20 year bonds. Last year in the same period, the net financing needs were just \$17bn of which only \$4bn was in coupon issues.

Auction announcements are expected on Wednesday covering \$7.5bn of two-year notes to raise \$3.075bn in fresh cash and on Friday covering \$8bn of one-year bills to raise \$2.723bn.

Mr Paul Volcker, the chairman of the Federal Reserve Board, will be back in Congress testifying before the House Budget Committee on Tuesday next. Mr Donald Regan, the Treasury Secretary, is also due to testify on the same day.

Corporate treasurers have been piling into the market ahead of the next Treasury avalanche. Last week total corporate volume soared to \$1.7bn up from \$1.1bn the previous week. Among the 10 new issues priced Citicorp launched a jumbo \$750m issue of 10-year floating rate notes priced at 99.875.

Out of the 10 new issues five were intermediates and five were long-term bonds. The intermediates, like that from Citicorp, were offered by the banks of finance related issuers while the long-term issues came from utilities. In both cases the new issues reflected a return to traditional maturities for the groups concerned.

Among the intermediate issuers Fleet Financial launched \$50m of 11-year notes. IBM Credit Corporation launched \$100m of 3-year extendable notes and Midlandic Banks issued \$50m of 10-year notes.

Paul Taylor

Mr James W. Kinnear Vice-chairman of Texaco Inc.

JAPANESE NATIONAL BONDS

Saudis cut buying sharply

THE SAUDI ARABIA Monetary Agency stayed out of the Tokyo secondary market for Japanese government bonds in the two weeks ended last Friday after sharply reducing its purchases over the previous few months.

Saudi Arabia's failure to buy is seen as a warning that the Saudis might eventually emerge as sellers. Saudi Arabia itself, however, is notoriously reticent about its international investment activities and has given no indication of any changes in its attitude towards the Tokyo market.

Saudi Arabia began investing in Japanese government bonds in April 1980, and is believed to have bought a total of around Y2.700bn (\$11.5bn) since then. The Saudis have channelled roughly half their purchases through the secondary market and the rest through the Bank of Japan.

The Bank of Japan preserves strict silence about its dealings with SAMA. Figures do, however, occasionally appear about the volume of Saudi activity on the secondary market. These indicate that

whereas SAMA was buying bonds at an average rate of rather more than Y40bn per month between October 1981 and February 1982, its purchases in the past five months have been running at less than one-third of this level. According to some bankers, Saudi bond purchases have been financed by the re-investment of income from existing holdings, not by the channelling of any new funds.

Saudi Arabia's partial withdrawal as a purchaser has come at a time when interest in the market by foreign investors which are not members of the Organisation of Petroleum Exporting Countries has been growing rapidly. Foreign purchases have been exceeding sales by wide margins for several months, with a record net inflow of Y200bn set last October.

Saudi Arabia's direct purchases of bonds from the Bank of Japan are believed to form part of a long-term strategy for diversification of the Kingdom's foreign exchange reserves. Purchases on the Tokyo market, in contrast, have apparently been made on price and

exchange rate considerations. SAMA was very inactive as a purchaser during October when the yen was taken out bought more in November and December as the exchange rate began to strengthen.

Meanwhile, the Ministry of Finance has proposed to a banking and securities house syndicate a reduction in the March issue price of 10-year national bonds to 98 per cent from 98.5 per cent, according to members of the syndicate.

The ministry plans to issue Y1.100bn of bonds through the syndicate at an unchanged 7.5 per cent coupon. The ministry cancelled February's issue of Y300bn of bonds because the syndicate refused to accept a price of 98.5 per cent. Reuter reports from Tokyo.

The proposed March price will give a yield of 7.857 per cent which exceeds that of corporate bonds for the first time. The secondary market reacted negatively to the pricing news, with, for example, yields on 8 per cent issues rising to 7.78 per cent from 7.75 per cent.

Charles Smith

Senior posts at Texaco



Mr James W. Kinnear
Vice-chairman of Texaco Inc.

which is responsible for all exploration, producing, refining, transportation and marketing of petroleum and petroleum products in the U.S. Mr Kinnear will also have responsibilities for Texaco Chemical Company which co-ordinates world-wide chemical activities and for the 50 per cent owned Caltex Petroleum Corporation which operates in 60 countries primarily East of Suez. Mr Decrane will have responsibility for exploration, producing, refining, transportation, marketing activities in Europe, Canada, Latin America and West Africa and producing activities in the Middle East and Far East. Both Mr Kinnear and Mr Decrane have been directors of Texaco Inc. since 1973 and executive vice-president since 1975. The position of vice-chairman has been vacant since 1977. The position of president has been held since 1971 by Mr McKinley who since November 1 1980 has also been chairman and chief executive.

Mr Andre Rhee will assume responsibility for the overall operation of the LUMMUS TECHNICAL CENTRE as vice-president. Lummus is a unit of Combustion Engineering Inc. Before returning to CEC Lummus to assume his new position, Mr Rhee was executive vice-president of the Texaco U.S. unit.

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INTERNATIONAL APPOINTMENTS

for strategic planning business development, planning, research and development, manufacturing, engineering, export operations and special markets. Mr Mark and Mr Powell will join Mr Crane as newly-created heads of a newly-created office. IMA provides management, training, operational and maintenance services to process plants in the hydrocarbon production, refining, petrochemical, chemical, mineral and other energy related industries.

Mr Hans H. Luerken has joined the management of Basf as corporate vice-president and president of the company's international division. He succeeds Mr Errol W. Bartine, who will continue as a consultant. Mr Spier was executive vice-president of the international division.

Mr Donald P. Shaffer has been appointed vice-president—export operations in the international division of P. P. STEVENS AND CO.

Mr North Western Mutual LIFE INSURANCE COMPANY has named president and chief executive officer Mr Donald Schenck to the additional post of chief executive officer. Mr Schenck succeeds Mr Francis Ferguson who will remain chairman.

Mr Magnus Fagerlin has been appointed marketing director of PETAINER, a development company for plastic packaging owned jointly by PLM of Sweden and Metal Box of the UK. Mr Fagerlin will assume his new duties on May 1 in Malmo, Sweden. Mr Fagerlin has served as legal counsel on the PLM group staff.

Mr Union BANK OF SWITZERLAND, Geneva, has appointed Mr Eric Schaefer as vice-president in charge of international corporate relations.

Mr Sadeban Rahaman has been appointed deputy chairman of BOC associate company, BANGLADESH OXYGEN.

Mr ARCO CHEMICAL EUROPE INC. has appointed Mr Herbert E. Hartmann as vice-president of functional chemicals, intermediate polymers department. He was previously Geschäftsführer of ARCO Raffinerie in Hamburg.

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Mr Calvin E. Willoughby has been elected a vice-president of CHICAGO BRIDGE & IRON COMPANY. Mr Willoughby recently moved from London to CB&I's general offices in the Chicago suburb of Oak Brook, Illinois, as marketing director. In London, he served CB&I's principal subsidiary, Chicago Bridge and Iron Company, as area finance manager for Europe, Africa and the Middle East and earlier as product manager for marine structures. He has also been assigned as a contracting engineer in the firm's London and New York sales offices.

Mr Yves Crepet, general manager of the French region, has been named a vice-president of DOW CHEMICAL EUROPE and a member of the operating board.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS		Change on day	YEN STRAIGHTS		Change on day	EUROBOND TURNOVER	
Amico Corp. Int. 149 82	100	+0.00	bid	Offer	day	yield	(nominal value in \$m)
Amico Corp. Int. 149 82	100	+0.00	105	+0.00	11.57	112.00	6,311.0 11,209.8
BHP Finance 149 82	100	+0.00	105	+0.00	12.43	102.00	4,616.8 8,827.0
British Cpl. Hyd. 149 82	100	+0.00	114	+0.00	11.33	104.00	11.10
Canada 149 82	100	+0.00	115	+0.00	10.66	102.00	102.00
Canada 149 82	100	+0.00	105	+0.00	11.12	102.00	102.00
Canadian Wheat 115 90	100	+0.00	101	+0.00	10.91	102.00	102.00
Canc. Pac. Ind. 149 82	100	+0.00	111	+0.00	12.41	102.00	102.00
Canc. Pac. Ind. 149 82	100	+0.00	105	+0.00	12.47	102.00	102.00
Citcorp O/S 15 82	100	+0.00	105	+0.00	10.08	102.00	102.00
Coca Cola Int. 92 82	100	+0.00	105	+0.00	10.63	102.00	102.00
Coca Cola Int. 92 82	100	+0.00	105	+0.00	12.14	102.00	102.00
Credit Suisse 101 82	100	+0.00	101	+0.00	10.22	102.00	102.00
Deutsche Bk. F. 14% 82	100	+0.00	111	+0.00	11.63	102.00	102.00
Du Pont 114 82	100	+0.00	104	+0.00	10.95	102.00	102.00
Du Pont 114 82	100	+0.00	100	+0.00	10.40	102.00	102.00
EDC 10% 82	100	+0.00	104	+0.00	11.27	102.00	102.00
EDF 12% 82	100	+0.00	105	+0.00	11.29	102.00	102.00
EFC 112 82	100	+0.00	105	+0.00	10.57	102.00	102.00
EFC 112 82	100	+0.00	105	+0.00	11.57	102.00	102.00
EFC 112 82	100	+0.00	105	+0.00	10.08	102.00	102.00
Expo. Dev. Cpn. 111 82	100	+0.00	103	+0.00	10.75	102.00	102.00
Forams 13% 82	100	+0.00	105	+0.00	12.67	102.00	102.00
Gaz de France 12% 82	100	+0.00	105	+0.00	12.14	102.00	102.00
Gen. Elec. Credit 12% 82	100	+0.00	105	+0.00	10.24	102.00	102.00
Gerty Oil Int. 14 82	100	+0.00	107	+0.00	10.81	102.00	102.00
GEFCO 10% 82	100	+0.00	105	+0.00	10.28	102.00	102.00
GMAC O/S Fin. 15 82	100	+0.00	105	+0.00	11.80	102.00	102.00
Gulf Oil Fin. 124 82	100	+0.00	105	+0.00	10.70	102.00	102.00
H.W. Wilson 124 82	100	+0.00	105	+0.00	10.40	102.00	102.00
IBM Corp. 124 82	100	+0.00	105	+0.00	10.40	102.00	102.00
Imperial Oil 124 82	100	+0.00	105	+0.00	10.40	102.00	102.00
Inter. Corp. 124 82	100	+0.00	105	+0.00	10.40	102.00	102.00
Int'l. Minerals 124 82	100	+0.00	105	+0.00	10.40	102.00	102.00
Manitoba Prods. 124 82	100	+0.00	105	+0.00	10.50	102.00	102.00
Midland 124 82	100	+0.00	105	+0.00	11.51	102.00	102.00
Midland 124 82	100	+0.00	105	+0.00	11.44	102.00	102.00
New Brunswick 15% 82	100	+0.00	105	+0.00	12.29	102.00	

UK COMPANY NEWS

MINING NEWS

Minorco and Hudbay U.S. interests restructured

BY GEORGE MILLING-STANLEY

THE BERMUDA REGISTERED Mineral and Resources Corporation (Minorco), the international investment arm of the Anglo-American Corporation of South Africa group, announced some months ago that it was contemplating a pooling of interests with Canada's Hudson Bay Mining and Smelting (Hudbay), also a member of the Anglo group.

What it will do, however, is to allow Hudbay to list its shares in the U.S. and Canadian capital markets for all of the Anglo's North American interests.

The restructuring is to be effected by an exchange of shares, with present shareholders in Hudbay, other than Minorco, having the option to elect to receive either special shares in Hudbay or ordinary shares in Plateau in return.

Hudbay shareholders will receive for each of their shares 1.1 special Hudbay shares, representing a 10 per cent premium over current prices, or 1.18 ordinary Plateau shares. The alternative is being offered at an option to hold outside holdings in Plateau.

Minorco will own about 60 per cent of the equity in Plateau, whose chairman and chief executive will be Mr Reuben F. Richards, but has stated that it will restrict its voting rights to under 50 per cent. Plateau's board is to be

enlarged, with Minorco electing a minority of the members.

Those involved said that the linking up and the move was to simplify the corporate structures of both Hudbay and Minorco. The reorganisation will in itself have no material effect on the earnings and net assets of Minorco.

It is felt that "Edelman, who is general partner of Plaza Securities Group, Canal Associates, and Arbitrage Securities Company, is engaged in a proxy fight for control of Canal-Randolph. His original complaint charged Sir Walter, who is Canal-Randolph's chairman, and Canal-Randolph, with violation of the Securities Exchange Act and the Racketeer Influenced and Corrupt Organizations Act."

The statement continues that, according to Edelman, the complainant alleges that the recently released Canal-Randolph proxy statement is materially false and misleading because it does not fully disclose facts bearing on Sir Walter's integrity and fitness with company B. The broker places the new business with company B. The broker then allows his client, when paying across his insurance premium on the new business to deduct the amount he would have received from company A in claims as an accounting activity of the market and of clients."

In particular, it states, "the complaint alleges that Sir Walter entered into a vote-buying agreement in 1981 with Montagu and failed to disclose the existence or terms of that agreement. The complaint charges that, as a result of the secret and unlawful agreement, cumulative voting was eliminated from Canal-Randolph's charter in 1981."

The statement says that Edelman stated that the amended complaint made a number of further allegations, including the following: (1) Canal-Randolph's directors are considering using Canal-Randolph's assets illegally to pay legal fees on behalf of entities and persons controlled by Sir Walter in the defense of allegations of fraud made by the Securities Exchange Commission and Edelman. These fears are anticipated to be in excess of US\$1.5 million.

"This type of offsetting arrangement often creates cash flow difficulties to one or more parties in the insurance chain," said Mr Dyer. "It can become an absolute nightmare years later, particularly if a number of insurance chains have become intermingled, to work back and unravel the reinsurance."

"A strong case could be put forward for stopping at least 'restricting the use of 'net' accounting although rightly and strictly controlled it is a very efficient way of collecting and paying monies throughout the world."

Further moves in Canal row

IN A STATEMENT ISSUED OVER THE WEEKEND, Mr Asher B. Edelman has announced "the filing of an amended and supplemental complaint charging Sir Walter, Sir Reuben, Res Brothers, Montagu Investment Managers, and others with, among other things, fraud, making false and misleading statements, failure to disclose, and breach of fiduciary duties. The complaint was filed in the U.S. District Court in Wilmington, Delaware."

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Securities Group, Canal Associates, and Arbitrage Securities Company, is engaged in a proxy fight for control of Canal-Randolph. His original complaint charged Sir Walter, who is Canal-Randolph's chairman, and Canal-Randolph, with violation of the Securities Exchange Act and the Racketeer Influenced and Corrupt Organizations Act."

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Brokers' accounting method criticised

BY JOHN MOORE, CITY CORRESPONDENT

A CONTROVERSIAL method of accounting, developed by insurance brokers and designed to ease the transmission of cash balances between the brokers' clients and insurance underwriters, some underwritten in London last week at a conference of insurance professionals.

The device of "netting off" balances between brokers' clients and underwriters is "the cause of a deep malaise," said Mr James Macdonald, vice-president-finance at Marsh & McLennan Companies, the U.S. insurance broking concern.

According to Mr Alan Dyer, senior partner at accountants Neville Russell, the "scourge of an accounts department today can be net accounting."

He described the process in the following way: A client buys insurance through a broker who places the insurance with another company A. The client then notifies the broker of a claim, but also arranges other insurance with the same broker. The broker places the new business with company B. The broker then allows his client, when paying across his insurance premium on the new business to deduct the amount he would have received from company A in claims as an accounting activity of the market and of clients."

Another area of possible disruption in the world's insurance and broking community was identified at the conference by Mr Dyer. Many companies in the London Market are being shown risks even if they have no underwriting base. Insurance may be placed with "contract offices," which eventually refer all risks to companies outside the UK for official acceptance.

The initiative was welcomed by Marsh & McLennan at the conference, "because it is essential that clearer schemes of claims and processing, quite distinct from each other, can only be in the best interests of the market and of clients."

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INSURANCE

RECENT ISSUES
EQUITIES

Issue price	Amount paid up	Latest Dividend	1982/3	Stock	Dividend + or -	Dividend rate
		High	Low		5%	per cent
115 F.P. 16.5	146	130	120	Assoc. British Ports	125 +2	67.0 1.6 8.9 17
110 F.P. 21.1	158	103	95	Kidder Peabody As.	102 +1	53.5 1.6 5.5 1.5
174 F.P. 21.1	220	205	195	Grenadier Trust	215 +2	58.5 2.5 2.5 2.5
115 F.P. 6.5	118	—	—	H.E. Elect Comps	10p 10p	10.0 1.0 1.0 1.0
115 F.P. 10.5	118	—	—	ICL	325 +5	84.0 2.9 15.5 15.5
1155 F.P. 7.1	255	198	195	Munford & White	325 +5	62.0 2.4 1.7 1.6
193 F.P. 4.2	198	145	135	Opticron Tech.	150 +3	58.5
115 F.P. 10.5	105	77	75	Do. Dcfd.	105 +1	14.5 2.0 7.1 6.8
175 F.P. 25.5	202	175	165	Superdrug Stores	10p 265 —	bd3.5 2.4 1.9 1.5
110 F.P. 11.3	93	52	45	Telstar Services Int'l	215 215	80.2 3.2 3.5 10.7
110 F.P. 30.3	107	82	75	Und. Packaging	10p 101 +5	bd2.75 2.5 1.4 1.3
1150 F.P. 15.2	340	265	250	WightCollins Stamps	277 —	bd2.75 2.5 1.4 1.3
	25	20	15	Yorkshire W. Writs	20 —	—

FIXED INTEREST STOCKS

Issue price	Amount paid up	Latest Dividend	1982/3	Stock	Dividend + or -	Dividend rate
		High	Low		5%	per cent
97.504 F.P. 4.5	102	88.1	82	BOC 12.5% Uns. Ls.	2012-17	95.0 +1%
99.431 F.P. 12.0	104	81.5	75	Birmingham 11.5% Red.	2012-17	104.0 +1%
7.184 F.P. 2.5	—	—	—	Bombs Inv. 6.7% Std. Deb.	2018	25 +2
—	—	—	—	Do. 100% Std. Deb.	2018	100 +1
167.175 CSE 6.5	65	55	55	Do. 100% Bds. 12-24	2004	100 +1
	28	23	23	Pearson 9.15% Uns. Ls.	2007	27 +1
	25	23	23	Sveden 18.5% Uns. Ls.	2010	291 +2

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Dividend	1982/3	Stock	Dividend + or -	Dividend rate
		High	Low		5%	per cent
250 F.P. 28.5	28.4	81.7	73	AGB Research 10p	—	31.7
97.504 F.P. 12.0	104	81.5	75	Amcor 2.5% Std. Deb.	2012-17	145.0 +1%
50 F.P. 8.5	8.5	7.5	7.5	Cliff Oil 10p	—	45.5 +1%
75 F.P. 7.5	15.5	105	85	Dominion Int. 20p	—	97.0
100 F.P. 10.5	105</td					

Closing prices March 4

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Follow the Leader

Do you want to reach the top international financial specialists in European industry?

In mid 1982, the Financial Times, The Economist, and Euromoney commissioned Research Services Ltd. to conduct a study amongst these senior international financial specialists in order to discover what they read.

For more information about this research, or the position of the EEC in the European market place, please contact your local [IBM representative](http://www.IBM.com).

	Readership %
FINANCIAL TIMES	42
F.A.Z.	24
HANDELSBLATT	21
LE MONDE	11
L.H.T.	9
NEUE ZURCHER ZEITUNG	8
WALL STREET JOURNAL	6
BUSINESS WEEK	24
ECONOMIST	22
TIME	13
NEWSWEEK	11
INSTITUTIONAL INVESTOR (INT.ED)	21
EUROMONEY	17

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices March 4

Continued on Page 2

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 27

These figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest available week.

g day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and yield are shown for the new stock only. Unless otherwise

Note: The rates of dividends are annual disbursements based on latest declaration.

dividend also extra(s) b-annual rate of dividend plus
dividend c-liquidating dividend cld-called d-new yearly
dividend dividend payout ratio - remaining 10 months

—dividend declared or paid in preceding 12 months g-d-
d in Canadian funds, subject to 15% non-residence tax l-
nd declared after split-up or stock dividend h-dividend

this year, omitted, deferred, or no action taken at latest dividend meeting k-dividend declared or paid this year, an accumulation with dividends in arrears, a-new issue in the

ive issue with dividends in arrears. n-new issue in the 52 weeks. The high-low range begins with the start of trading—next day delivery. P/E-price-earnings ratio; r—dividend

red or paid in preceding 12 months, plus stock dividend.
Stock split Dividends begins with date of split. SIS-sales +
and paid in stock in preceding 12 months estimated cash

and part in stock in preceding 12 months, estimated cash on ex-dividend or ex-distribution date u-new yearly high, trading halted, vi-in bankruptcy or receivership or being re-
structured, vii-in bankruptcy or receivership or being re-

used under the Bankruptcy Act, or securities assumed by companies, wd—when distributed, wi—when issued, wr—warrants x-ex-dividend or ex-rights, adis—ex-distribution

X-ex-dividend ex-rights. Aus-ex-distribution without warrants. y-ex-dividend and sales in full. yld-yield es in full.

ANSWER *What is the name of the author of the book?*

WORLD STOCK MARKETS

Indices

NEW YORK DOW JONES

	Mar.	Mar.	Mar.	Mar.	Feb.	Feb.	1982-83	Since Compl'n		
	4	3	2	1	28	25	High	Low	High	Low
• Industrials	140.56	158.06	159.06	112.62	112.54	114.05	778.82	1140.95	41.22	—
Hime Binda	—	—	—	75.86	72.68	72.49	55.87	55.87	12.29	—
Transport	511.12	504.58	505.72	501.27	491.38	492.50	41.58	12.8	41.54	10.73
Utilities	129.84	129.84	127.77	126.04	125.65	124.82	129.84	163.22	165.82	10.5
TradingVol	—	—	—	13.45	13.45	13.45	13.45	13.45	13.45	13.45
0001	60,550	64,440	62,500	103,750	65,750	100,970	—	—	—	—
• Day's high	1146.28	1151.81	low 1125.58	1125.58	1125.58	1125.58	—	—	—	—
Indust' div. yield %	4.86	4.93	4.95	4.95	4.95	4.95	4.95	4.95	4.95	4.95

STANDARD AND POORS

	Mar.	Mar.	Mar.	Mar.	Feb.	Feb.	1982-83	Since Compl'n		
	3	2	1	28	25	24	High	Low	High	Low
Indust'.	172.23	172.24	171.18	188.49	186.58	172.24	114.98	172.24	8.62	—
Comp's	155.67	155.48	152.80	148.00	148.74	148.74	155.67	155.67	4.40	—
Inst'div. div. yield %	4.22	4.39	4.32	6.00	—	—	—	—	—	—
Indust' P/E ratio	11.89	11.45	11.62	7.42	—	—	—	—	—	—
Long Gov. Bond yield	10.39	10.59	10.98	15.01	—	—	—	—	—	—
N.Y.S.E. ALL COMMON	1982-83	—	—	—	—	—	—	—	—	—
Mar. Mar. Mar. Mar.	4	3	2	1	High	Low	High	Low	High	Low
Issues Traded	1,921	1,976	1,967	—	—	—	—	—	—	—
Rises	658	1,168	—	—	—	—	—	—	—	—
Falls	725	485	467	—	—	—	—	—	—	—
New Highs	242	242	242	—	—	—	—	—	—	—
New Lows	2	1	5	—	—	—	—	—	—	—
MONTREAL	1982-83	—	—	—	—	—	—	—	—	—
Mar. Mar. Mar. Mar.	4	3	2	1	High	Low	High	Low	High	Low
Industrial	169.10	396.37	583.86	354.21	398.59	512.84	248.58	512.84	12.65	—
Combined	358.55	358.55	358.55	358.55	358.55	358.55	358.55	358.55	4.80	—
TORONTO Composite	2183.50	2183.50	2183.50	2183.50	2183.50	2183.50	2183.50	2183.50	7.77	—

	Stocks	Closing	Change	Stocks	Closing	Change	
Friday	Stocks traded	1,000	Change per day	Stocks traded	1,000	Change	
Cisco	510,300	41%	+2%	Sears Robuck	92,700	3%	+1
Sony	1,956,400	13%	+%	Exxon	922,400	30%	+2
A.M.C. Corp.	1,000,000	12%	+2%	Bab. America	22,000	2%	+1
Mobil	1,040,300	29%	+4	A.T.T.	810,500	10%	+1
Goodyear	994,800	31%	-4	Mid.-So. Ut.	884,400	16%	+4

AMERICAN STOCK EXCHANGE CLOSING PRICES

(**) Saturday February 26: Japan Dow 3046.56, TSE 589.15.

Base values of all Indices are 100 except Australia All Ordinary and Metals—500, NYSE All Common—50, Standard and Poors—10; and Toronto—1,000; the 1975 value is 100. *Excluding bonds. +40% Industrial. -40% Financials and 20 Transporta. c Closed or Unavailable.

JUSCO CO. LTD.

7.37 PER CENT YEN
5,000 MILLION
Convertible Bonds
DUE 1991
NOTICE OF FREE
DISTRIBUTION OF SHARES
AND ADJUSTMENT OF
CONVERSION PRICE
Pursuant to Clause 7 (B) of the
Trust Deed dated September 11,
1980 under which the above
described Bonds were issued,
you are hereby notified that a
free distribution of shares of our
Company at the rate of 1 share
for each 20 shares held will be
made to shareholders of record
as of February 20, 1983.
As a result of such distribution,
the conversion price at which
shares are issuable upon
conversion of said Bonds will be
adjusted pursuant to Condition 9
(C) of the Bonds from 767.3
Japanese Yen to 721.2 Japanese
Yen effective as of the close of
business in Tokyo on February
20, 1983.
February 7, 1983 JUSCO CO. LTD.

JUSCO CO. LTD.

At a meeting of the Board of
Directors of the above
Company held on 18th
January 1983 it was resolved
that a free distribution of
fully paid shares of common
stock to shareholders on the
register of shareholders as
at 20th February 1983 be
made on the basis of one
new share for every twenty
shares then held.
The Depositary Shares of
the Company evidenced by
European Depository
Receipts ("EDRs") will,
subject to the fulfilment of
all necessary legal
requirements in Japan,
participate in the
distribution through the
issue of new EDRs. One
Depositary Share is
equivalent to ten shares of
common stock of the
Company, and new EDRs
can be issued only in
multiples of one hundred
Depositary Shares.
Accordingly any shares
representing fractions of
one hundred Depositary
Shares will be sold and the
proceeds distributed to the
persons entitled thereto.
Holders of EDRs are advised
that in order to claim their
entitlement pursuant to the
free share distribution
coupon number 12 should
be lodged as from the 9th
May 1983 at the offices of
either:—

Hill Samuel & Co. Limited,
45, Beech Street,
London, EC2P 2LX.
Kreditbank
Luxembourg S.A.,
43, Boulevard Royal,
Luxembourg.
Hill Samuel & Co. Limited,
45, Beech Street,
London, EC2P 2LX.

JUSCO CO. LTD.

8 PER CENT STERLING/
U.S. DOLLAR PAYABLE
Convertible Bonds
DUE 1991

NOTICE OF FREE
DISTRIBUTION OF SHARES
AND ADJUSTMENT OF
CONVERSION PRICE
Pursuant to Clause 7 (B) of the
Trust Deed dated September 25,
1980 under which the above
described Bonds were issued,
you are hereby notified that a
free distribution of shares of our
Company at the rate of 1 share
for each 20 shares held will be
made to shareholders of record
as of February 20, 1983.
As a result of such distribution,
the conversion price at which
shares are issuable upon
conversion of said Bonds will be
adjusted pursuant to Condition 5
(C) of the Bonds from 767.3
Japanese Yen to 721.2 Japanese
Yen effective as of the close of
business in Tokyo on February
20, 1983.

February 7, 1983 JUSCO CO. LTD.

AUSTRIA

	Mar.	Mar.	Mar.	Mar.	1982-83	
	4	3	2	1	High	Low
AUSTRIA	51.9	50.0	50.2	50.7	50.5	49.8
Metals & Min.	112.00	455.4	455.5	454.5	502.2	452.5
Credit Aktien (1/1,68)	49.74	48.22	49.38	49.26	54.96 (4.11)	47.45 (2.19)
Belgian SE (1/1,63)	106.45	108.13	106.02	107.09	103.45 (4.83)	85.42 (2.10)
DENMARK	121.25	116.51	117.51	116.00	121.21 (4.83)	88.00 (1.81)
Commerzbank SE (1/1,68)	273.94	272.45	270.64	288.26	273.94 (4.93)	214.06 (17.0)
HONG KONG	106.54	106.72	106.12	103.59	104.52 (2.12)	87.38 (12.1)
ITALY	100.20	101.12	102.12	101.50	102.12 (2.12)	87.38 (12.1)
FAZ-Aktien (1/1,68)	273.94	272.45	270.64	288.26	273.94 (4.93)	214.06 (17.0)
Deutsche Bank (1/1,68)	222.1	184.8	111.7	79.93	82.25 (4.83)	85.62 (17.0)
Denmark	121.25	116.51	117.51	116.00	121.21 (4.83)	88.00 (1.81)
Belgian SE (1/1,63)	106.45	108.13	106.02	107.09	103.45 (4.83)	85.42 (2.10)
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Denmark	121.25	116.51	117.5			

CONTRACTS AND TENDERS

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES PETROCHIMIQUES
(Ministry for Energy and Petrochemical Industries)ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS
(National Company for the Exploitation of Oilwells*)NOTICE OF INTERNATIONAL CALL FOR TENDERS
NUMBER 9020/AD/MEC

L'Entreprise Nationale des Travaux aux Puits is launching a National and International Call for Tenders for the supply of:

3 No. Trucks for mobile maintenance unit, suitable for all types of terrain, with complete equipping of the chassis with lubricating unit. Useful load 15 to 20 tonnes.

This Call for Tenders is intended for Manufacturing Companies only, and excludes amalgamations, representatives of companies and any other intermediaries, in compliance with the provisions of Law No 78-02 dated 11 February 1978, relating to State Monopoly on Foreign Trade.

Tenders interested in this Call for Tenders may obtain the Specifications from the following address: Entreprise Nationale des Travaux aux Puits, 2 Rue du Capitaine Azzoug, Cote Rouge, Hussein-Dey, Algiers, Algeria, Departement Approvisionnements et Transports (Supplies and Transport Department) with effect from the date on which this notice is published.

Tenders, of which five (05) copies should be prepared, must be sent in a double sealed envelope, by registered post, to the Secretariat of the D.A.T. (Supplies and Transport Department) at the above address. The outer envelope should be completely anonymous, bearing no captions, and stating simply "APPEL D'OFFRES INTERNATIONAL Numero 9020/AD/MEC Confidential—A ne pas ouvrir" (INTERNATIONAL CALL FOR TENDERS NUMBER 9020/AD/MEC—Confidential—Do not open).

Tenders should be sent to arrive by Saturday 16 April 1983, at 1200 hours, at the very latest.

Selection will be made within 180 days with effect from the closing date of this Call for Tenders.

* (Alt. rendering: mineshafts)

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES PETROCHIMIQUES
(Ministry for Energy and Petrochemical Industries)ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS
(National Company for the Exploitation of Oilwells*)NOTICE OF INTERNATIONAL CALL FOR TENDERS
NUMBER 0458-IK/MF

L'Entreprise Nationale des Travaux aux Puits is launching a National and International Call for Tenders for the supply of:

Wire Rope of varying diameters

This Call for Tenders is intended for Manufacturing Companies only, and excludes amalgamations, representatives of companies and any other intermediaries, in compliance with the provisions of Law No 78-02 dated 11 February 1978, relating to State Monopoly on Foreign Trade.

Tenders interested in this Call for Tenders may obtain the Specifications from the following address: Entreprise Nationale des Travaux aux Puits, 2 Rue du Capitaine Azzoug, Cote Rouge, Hussein-Dey, Algiers, Algeria, Departement Approvisionnements et Transports (Supplies and Transport Department) with effect from the date on which this notice is published.

Tenders, of which five (05) copies should be prepared, must be sent in a double sealed envelope, by registered post, to the Secretariat of the D.A.T. (Supplies and Transport Department) at the above address. The outer envelope should be completely anonymous, bearing no captions, and stating simply "APPEL D'OFFRES INTERNATIONAL Numero 0458-IK/MF Confidential—A ne pas ouvrir" (INTERNATIONAL CALL FOR TENDERS NUMBER 0458-IK/MF—Confidential—Do not open).

Tenders should be sent to arrive by Saturday 26 March 1983, at 1200 hours, at the very latest.

Selection will be made within 180 days with effect from the closing date of this Call for Tenders.

* (Alt. rendering: mineshafts)

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES PETROCHIMIQUES
(Ministry for Energy and Petrochemical Industries)ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS
(National Company for the Exploitation of Oilwells*)NOTICE OF INTERNATIONAL CALL FOR TENDERS
NUMBER 0323-IK/MF

L'Entreprise Nationale des Travaux aux Puits is launching a National and International Call for Tenders for the supply of:

Spares parts for "Lightone" agitator (mixer)
—Models 324 thru 339Spares parts for "Lightone" agitator
—Models 82 thru 84 (Gear Drive)Spares parts for "Lightone" agitator
—Models 81Q thru 89Q

This Call for Tenders is intended for Manufacturing Companies only, and excludes amalgamations, representatives of companies and any other intermediaries, in compliance with the provisions of Law No 78-02 dated 11 February 1978, relating to State Monopoly on Foreign Trade.

Tenders interested in this Call for Tenders may obtain the Specifications from the following address: Entreprise Nationale des Travaux aux Puits, 2 Rue du Capitaine Azzoug, Cote Rouge, Hussein-Dey, Algiers, Algeria, Departement Approvisionnements et Transports (Supplies and Transport Department) with effect from the date on which this notice is published.

Tenders, of which five (05) copies should be prepared, must be sent in a double sealed envelope, by registered post, to the Secretariat of the D.A.T. (Supplies and Transport Department) at the above address. The outer envelope should be completely anonymous, bearing no captions, and stating simply "APPEL D'OFFRES INTERNATIONAL Numero 0323-IK/MF Confidential—A ne pas ouvrir" (INTERNATIONAL CALL FOR TENDERS NUMBER 0323-IK/MF—Confidential—Do not open).

Tenders should be sent to arrive by Saturday 26 March 1983, at 1200 hours, at the very latest.

Selection will be made within 180 days with effect from the closing date of this Call for Tenders.

* (Alt. rendering: mineshafts)

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES PETROCHIMIQUES
(Ministry for Energy and Petrochemical Industries)ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS
(National Company for the Exploitation of Oilwells*)NOTICE OF INTERNATIONAL CALL FOR TENDERS
NUMBER 0946-AK/MF

L'Entreprise Nationale des Travaux aux Puits is launching a National and International Call for Tenders for the supply of:

Blow Out Preventer (B.O.P.) and Spare Parts

This Call for Tenders is intended for Manufacturing Companies only, and excludes amalgamations, representatives of companies and any other intermediaries, in compliance with the provisions of Law No 78-02 dated 11 February 1978, relating to State Monopoly on Foreign Trade.

Tenders interested in this Call for Tenders may obtain the Specifications from the following address: Entreprise Nationale des Travaux aux Puits, 2 Rue du Capitaine Azzoug, Cote Rouge, Hussein-Dey, Algiers, Algeria, Departement Approvisionnements et Transports (Supplies and Transport Department) with effect from the date on which this notice is published.

Tenders, of which five (05) copies should be prepared, must be sent in a double sealed envelope, by registered post, to the Secretariat of the D.A.T. (Supplies and Transport Department) at the above address. The outer envelope should be completely anonymous, bearing no captions, and stating simply "APPEL D'OFFRES INTERNATIONAL Numero 0946-AK/MF Confidential—A ne pas ouvrir" (INTERNATIONAL CALL FOR TENDERS NUMBER 0946-AK/MF—Confidential—Do not open).

Tenders should be sent to arrive by Saturday 26 March 1983, at 1200 hours, at the very latest.

Selection will be made within 180 days with effect from the closing date of this Call for Tenders.

* (Alt. rendering: mineshafts)

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES PETROCHIMIQUES
(Ministry for Energy and Petrochemical Industries)ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS
(National Company for the Exploitation of Oilwells*)NOTICE OF INTERNATIONAL CALL FOR TENDERS
NUMBER 008-ON/MEC

L'Entreprise Nationale des Travaux aux Puits is launching a National and International Call for Tenders for the supply of:

Item No 1: Spare parts for Renault 4 Vehicles
Item No 2: Spare parts for Renault 12 (Vehicles)
Item No 3: Spare parts for K70 VW 22-AS Vehicles

This Call for Tenders is intended for Manufacturing Companies only, and excludes amalgamations, representatives of companies and any other intermediaries, in compliance with the provisions of Law No 78-02 dated 11 February 1978, relating to State Monopoly on Foreign Trade.

Tenders interested in this Call for Tenders may obtain the Specifications from the following address: Entreprise Nationale des Travaux aux Puits, 2 Rue du Capitaine Azzoug, Cote Rouge, Hussein-Dey, Algiers, Algeria, Departement Approvisionnements et Transports (Supplies and Transport Department) with effect from the date on which this notice is published.

Tenders, of which five (05) copies should be prepared, must be sent in a double sealed envelope, by registered post, to the Secretariat of the D.A.T. (Supplies and Transport Department) at the above address. The outer envelope should be completely anonymous, bearing no captions, and stating simply "APPEL D'OFFRES INTERNATIONAL Numero 008-ON/MEC Confidential—A ne pas ouvrir" (INTERNATIONAL CALL FOR TENDERS NUMBER 008-ON/MEC—Confidential—Do not open).

Tenders should be sent to arrive by Saturday 26 March 1983, at 1200 hours, at the very latest.

Selection will be made within 180 days with effect from the closing date of this Call for Tenders.

* (Alt. rendering: mineshafts)

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES PETROCHIMIQUES
(Ministry for Energy and Petrochemical Industries)ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS
(National Company for the Exploitation of Oilwells*)NOTICE OF INTERNATIONAL CALL FOR TENDERS
NUMBER 9049-A4/MF

L'Entreprise Nationale des Travaux aux Puits is launching a National and International Call for Tenders for the supply of:

MANIFOLDS

This Call for Tenders is intended for Manufacturing Companies only, and excludes amalgamations, representatives of companies and any other intermediaries, in compliance with the provisions of Law No 78-02 dated 11 February 1978, relating to State Monopoly on Foreign Trade.

Tenders interested in this Call for Tenders may obtain the Specifications from the following address: Entreprise Nationale des Travaux aux Puits, 2 Rue du Capitaine Azzoug, Cote Rouge, Hussein-Dey, Algiers, Algeria, Departement Approvisionnements et Transports (Supplies and Transport Department) with effect from the date on which this notice is published.

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Tenders should be sent to arrive by Saturday 26 March 1983, at 1200 hours, at the very latest.

Selection will be made within 180 days with effect from the closing date of this Call for Tenders.

* (Alt. rendering: mineshafts)

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES PETROCHIMIQUES
(Ministry for Energy and Petrochemical Industries)ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS
(National Company for the Exploitation of Oilwells*)NOTICE OF INTERNATIONAL CALL FOR TENDERS
NUMBER 0121/OK/MC

L'Entreprise Nationale des Travaux aux Puits is launching a National and International Call for Tenders for the supply of:

Item No 1: Air compressor—14 Bars

Item No 2: WESTINGHOUSE compressor

Item No 3: WESCONSI compressor

Item No 4: Spare parts for MERCEDES engines

Item No 5: Spare parts for LOMBARDINI engines

Item No 6: Spare parts for WORTHINGTON compressors

Item No 8: Spare parts for GORMAN-RUPP compressors

This Call for Tenders is intended for Manufacturing Companies only, and excludes amalgamations, representatives of companies and any other intermediaries, in compliance with the provisions of Law No 78-02 dated 11 February 1978, relating to State Monopoly on Foreign Trade.

Tenders interested in this Call for Tenders may obtain the Specifications from the following address: Entreprise Nationale des Travaux aux Puits, 2 Rue du Capitaine Azzoug, Cote Rouge, Hussein-Dey, Algiers, Algeria, Departement Approvisionnements et Transports (Supplies and Transport Department) with effect from the date on which this notice is published.

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Tenders should be sent to arrive by Saturday 26 March 1983, at 1200 hours, at the very latest.

Selection will be made within 180 days with effect from the closing date of this Call for Tenders.

* (Alt. rendering: mineshafts)

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES PETROCHIMIQUES
(Ministry for Energy and Petrochemical Industries)ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS
(National Company for the Exploitation of Oilwells*)NOTICE OF INTERNATIONAL CALL FOR TENDERS
NUMBER 9047/A4/MF

L'Entreprise Nationale des Travaux aux Puits is launching a National and International Call for Tenders for the supply of:

"Gin-Pool" Truck—(Quantity 14) for all types of

Terrain—Lifting Capacity 10 tonnes

This Call for Tenders is intended for Manufacturing Companies only, and excludes amalgamations, representatives of companies and any other intermediaries, in compliance with the provisions of Law No 78-02 dated 11 February 1978, relating to State Monopoly on Foreign Trade.

Tenders interested in this Call for Tenders may obtain the Specifications from the following address: Entreprise Nationale des Travaux aux Puits—2, Rue du Capitaine Azzoug, Cote Rouge, Hussein-Dey, Algiers, Algeria, Departement Approvisionnements et Transports (Supplies and Transport Department) with effect from the date on which this notice is published.

Tenders, of which five (05) copies should be prepared, must be sent in a double sealed envelope, by registered post, to the Secretariat of the D.A.T. (Supplies and Transport Department) at the above address. The outer envelope should be completely anonymous, bearing no captions, and stating simply "APPEL D'OFFRES INTERNATIONAL Numero 9047/A4/MF Confidential—A ne pas ouvrir" (INTERNATIONAL CALL FOR TENDERS NUMBER 9047/A4/MF—Confidential—Do not open).

Tenders should be sent to arrive by Saturday 26 March 1983, at 1200 hours, at the very latest.

Selection will be made within 180 days with effect from the closing date of this Call for Tenders.

* (Alt. rendering: mineshafts)

INVITATION TO BIDDING

TURKISH AIRLINES INC.

announces that jet fuel A-1 is required for the period April 1st 1983 (inclusive) to December 31st 1983 (inclusive) at European and Middle East airports and will be purchased under sealed tender by adjudication. Bidders must deliver their proposal on or before March 15th 1983 to the address below. Readers wishing full information on bidding and our administrative and technical specifications should contact:

TURKISH AIRLINES INC.
11/12 Hanover Street, London W1R 9HF
Tel: 01-499 9249 Telex: 262039

TURKISH AIRLINES INC.
Fuel Management
Yesilkoy Airport, Istanbul, Turkey
Tel: 737389 Telex: 22680 TR

INVITATION TO BID NO. FACU 1

New issue

This announcement appears as a matter of record only:

March 3, 1983



**Azienda Autonoma delle
Ferrovie dello Stato**

DM 150,000,000**8 1/4% Bearer Bonds of 1983/1988**

by virtue of Italian Law Direct and Unconditional Obligations of

The Republic of Italy

Issue Price: 99 1/2%

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BAYERISCHE VEREINSBANK
ANTIEGESSCHAF

SODITIC (JERSEY) LIMITED

Abu Dhabi Investment Company
Algemene Bank Nederland N.V.
Al-Mai Group
Aero International Limited
Bankhaus H. Aufhäuser
Badische Kommandite
— Girozentrale —
Banca Commerciale Italiana
Banca Nazionale del Lavoro
B.S.I. Underwriters Limited
Bank of America International Limited
Bank für Gemeinwirtschaft
Aktiengesellschaft
Bank Gutweiller, Kurz, Büngener
(Overseas) Limited
Bank Leu International Ltd.
Bank Medici & Hope N.V.
Bank of New York International Limited
Banque Bruxelles Lambert S.A.
Banque Indosuez
Banque Internationale à Luxembourg S.A.
Banque Paribas
Barings Brothers & Co., Limited
Bayerische Hypotheken- und Wechsel-Bank
Aktiengesellschaft
Bayrische Landesbank Girozentrale
Bank Bernhard Gruber & Co.
Berliner Bank Aktiengesellschaft
Bankhaus Gräfin Béthmann
Blyth Eastman Paine Webber
International Limited
Chase Manhattan Limited
CIBC Limited
Commerzbank International S.A.
Commerzbank (South East Asia) Ltd.
County Bank Limited
Creditanstalt-Bankverein
Crédit Commercial de France

Credit Lyonnais
Credit Suisse First Boston Limited
Credito Italiano
Daiwa Europe Limited
Richard Davis & Co., Bankiers
Deutsche Girozentrale
— Deutsche Kommanditebank —
DG Bank
Deutsche Genossenschaftsbank
DSL Bank Deutsche Siedlungs- und
Landesbanken
Dominion Securities Ames Limited
Effectenbank-Warburg Aktiengesellschaft
Enskilda Securities
Skandinaviska Enskilda Limited
Euroamericana S.p.A.
EuroPartners Securities Corporation
Europe Direct Company Limited
Gefina International Ltd.
Genossenschaftliche Zentralbank
Aktiengesellschaft
Girozentrale und Bank des
österreichischen Sparkassen
Aktiengesellschaft
Goldman Sachs International Corp.
Hamburgische Landesbank
Girozentrale
Georg Haub & Sohn Bankiers
Kommanditgesellschaft auf Aktien
Hessische Landesbank — Girozentrale —
Hill Samuel & Co. Limited
The Hongkong Bank Group
Industriebank von Japan (Deutschland)
Aktiengesellschaft
Istituto Bancario San Paolo di Torino
Kleider, Peabody International Limited
Kleinwort, Benson Limited
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Manager

Financial Times

10, Cannon Street, EC4P 4BY

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	International Exhibition for the Automotive Parts and Accessories Industry—AUTOPARTAC (0494 41548) (until March 8)	Barbican, EC2
March 8-11	International Powder and Bulk Solids Technology Exhibition and Conference (01-886 5741) ...	NEC, Birmingham Kensington Old Town Hall Earls Court
March 8-19	Chelsea Flower Show (St. James's Park) (01-730 6061) ...	NEC, Birmingham
March 8-14	Daily Mail Motor Home Exhibition (01-222 9341) ...	Olympia Olympia
March 21-25	International Engineering Inspection and Quality Control Exhibition—INSPEX (01-643 8040) ...	Cunard Int'l. Hotel
March 22-25	London Fashion Fair (01-831 7855) ...	West Centre W6
March 22-24	International Tyre and Equipment Exhibition—BRITYREX (01-487 7728) ...	National Agricultural Centre, Kentworth
April 6-8	Fashion Fair—London Black Fashion and Beauty Fair (01-372 5193) ...	Olympia
April 9-11	Autumn Fashion and Beauty Fair (01-372 5193) ...	Wembley Conference Centre
April 12-14	Coal Preparation Technology Associated with Cost Efficiency—Symposium and Exhibition (01-942 8966) ...	Hatfield
April 18-22	International Fire, Security and Safety Exhibition and Conference (01-886 5740) ...	Zurich
April 19-21	2nd Exhibition of Numerical Engineering Equipment and Services (01-618 9411) ...	Cologne
April 26-28	Site Equipment Demonstration—SED 83 (01-904 9504) ...	Geneva

OVERSEAS TRADE FAIRS AND EXHIBITIONS

March 8-10	The SEMICON Europa '83 Electronics Show (01-333 8807) ...	Zurich
March 9-12	International Hardware Fair (01-730 4645) ...	Cologne
March 10-20	53rd Geneva International Motor Show (022/98 II) ...	Geneva
March 11-16	International Trade Exhibition for Hotels, Catering, Bakeries and Confectioners—INTERNORGA ...	Hamburg
March 13-19	International Spring Fair (01-439 3111) ...	Leipzig
March 14-17	Computer Graphics Exhibition (01-749 3061) ...	Berlin
March 22-25	International Technology Exchange and new products Fair—TECHEX '83 (01-584 5749) ...	Florida
March 23-27	Exhibition of Building Components and International Finishes and Sports Facilities (051 555 662) ...	Bologna
March 24-27	International Trade Fair for Garage Equipment—AUTOVAK (01-223 2850) ...	Amsterdam

BUSINESS AND MANAGEMENT CONFERENCES

March 9	FT Conference: The euromarkets in 1983 (01-621 1355) ...	Inter Continental Hotel, W1
March 14, 16	Oyez IBC: Improve your management of hazard and operability studies (01-499 6321) ...	Park Lane Hotel, W1
March 15	Macfarlane: Tax sales and business operations. Current legal practice aspects (01-637 7438) ...	Royal Garden Hotel, W8
March 15	Industrial Society: making provision for ethnic minorities at work (01-539 4300) ...	Carlton House Terrace, SW1
March 16	Institute of Credit Management: Annual Conference (Ascot) (0990) 23711) ...	Hilton, W1
March 21, 22	Irish Chemical Industry—2nd Economic Conference (Dublin) (01) 605877 ...	Dublin
	CBI: Pay bargaining in the next ten years (01-379 7300) ...	Centre Point, WC1
March 22	FT Conference: The outlook for world grains (01-621 1355) ...	Inter Continental Hotel, W1
March 22-23	BSI/BRC conference on flat roofs: Warm and Dry (04-495 4900) ...	Park Lane Hotel, W1
March 23	Macfarlane: Offshore tax planning in the UK. What would reintroduction of exchange controls mean? (01-637 7438) ...	Waldorf Hotel, WC2
March 23	External Wall Insulation Association: Insulation seminar (01-637 7481) ...	UMIST, Manchester
March 23, 24	Clothing and Footwear Institute: focus on micro-computers (01-203 1091) ...	CFI conference centre, London
March 23, 24	IPC: Quality—the key to manufacturing profitability—Inspec '83 (01-643 8040) ...	NEC, Birmingham
March 24	Macfarlane: International financial communications in a world recession (01-539 4300) ...	Press Centre, EC4

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

Financial Times Conferences

THE OUTLOOK FOR WORLD GRAINS

London, 22 & 23 March 1983

The keynote address on US Grain Policy will be given by Mr John R. Block, U.S. Secretary of Agriculture. Other distinguished speakers will include Mr Poul Dalsager, EEC Commissioner for Agriculture, Mr Arthur Dunkel of GATT and Mr Esmond Jarvis of Canadian Wheat Board. A forum on the viewpoint of the major users of grain will feature papers by Mr Freddie T. Rees of Rank Hovis, Mr J. O. C. Hill of BOCM Silcock and Mr A. P. van Stolk of Van Stolk's Koninklijke

VENTURE CAPITAL

Edinburgh, 21 & 22 April 1983

This major conference will be of particular interest to financial institutions with existing or potential interest in Venture Capital as well as universities, local development authorities, professional advisers and pension funds. There will be special sessions on Universities as a Seed Bed for Entrepreneurs and Enterprises and Local Venture Capital Initiatives. The programme will also be of special interest to major corporations who may find Venture Capital a potentially valuable technique for corporate growth and diversification.

THE FIFTH WORLD GOLD CONFERENCE

Lugano, 22 & 23 June 1983

Robert Guy of Rothschilds will Chair and deliver the opening address at the above conference. This year's meeting will concentrate on the markets while paying due attention to monetary questions. One afternoon will be devoted to the silver market and the gold/silver price relationship.

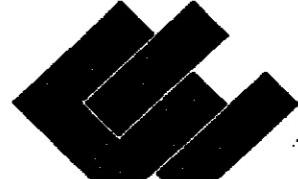
Please address all enquiries to:

The Financial Times Limited
Conference Organisation
Minster House, Arthur Street
London EC4R 9AX

Tel: 01-621 1355
Telex: 27347 FTCONF G
Cables: FINCONF LONDON

This announcement appears as a matter of record only.

FEBRUARY, 1983



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Liberty Life Association
of Africa Limited

(Incorporated in the Republic of South Africa)

**PRELIMINARY RESULTS and declaration
of dividends for the year ended
31 December 1982**

The preliminary consolidated financial position and results, subject to final audit, of Liberty Life Association of Africa Limited and its subsidiaries for the year ended 31 December 1982 are set out below:

A. SUMMARISED GROUP BALANCE SHEET

	1982 R'000	1981 R'000
Investments	2 227 271	1 708 585
Government, public utility and municipal stocks	550 383	394 808
Debentures, mortgages and loans	163 912	155 504
Freehold property and leasebacks	629 672	476 449
Shares and mutual fund units	791 655	535 537
Deposits with financial institutions and money market securities	91 649	146 287
Fixed assets	9 085	2 275
Current assets	132 550	92 455
Total assets	2 368 906	1 803 315
Current liabilities	76 393	57 123
	2 292 513	1 746 192
Represented by:		
Ordinary share capital	10 915	10 915
Share premium	36 239	36 239
Preference share capital (including premium)	27 301	25 997
Non-distributable reserves	137 741	79 478
Distributable reserves	27 775	24 283
Interests of shareholders of Liberty Life Association of Africa Limited	239 971	176 912
Interests of minority shareholders in subsidiaries	130 509	75 131
Total capital and reserves employed	370 480	252 043
Long-term liabilities	85 828	78 315
Life fund	1 836 205	1 415 834
Actuarial liabilities under unmatured policies	1 633 227	1 226 712
Investment surpluses, development and other reserves	202 978	189 122
	2 292 513	1 746 192

B. SUMMARISED GROUP INCOME STATEMENT

	1982 R'000	1981 R'000
Net premium income and annuity considerations	333 003	259 869
Net income from investments	153 702	127 109
Sundry income	5 035	3 448
Total income	491 740	390 426
Net taxed surplus from life insurance operations	28 338	23 686
Dividends on preference shares	(2 302)	(2 046)
Net taxed surplus attributable to ordinary shareholders	26 036	21 642
Number of ordinary shares in issue	10 915 147	10 915 147
Net taxed surplus per ordinary share	238.5 cents	198.3 cents
Dividends per ordinary share		
- Interim (declared 25 August 1982)	72.0 cents	60.0 cents
- Final (declared 2 March 1983)	100.0 cents	84.0 cents
Total	172.0 cents	144.0 cents
Special anniversary dividend per ordinary share (declared 25 August 1982)	25.0 cents	-

C. NEW BUSINESS PREMIUM INCOME

	1982 R'000	1981 R'000
Recurring annualised premium income	69 877	56 734
Single premium and annuity considerations	65 092	51 666
Total new business premium income	134 969	108 400

D. DECLARATION OF DIVIDENDS

The following dividends were declared in the currency of the Republic of South Africa by the board of directors on 2 March 1983 in terms of the normal practice of the company relative to the declaration and payment of such dividends:

	Ordinary shares	Convertible redeemable cumulative preference shares	
		7.5% fixed rate Series 'A'	Variable rate Series 'B'
Dividend number	30	5	5
Amount of dividend	100.0 cents	75.0 cents	102.5 cents
Last day to register	18 March 1983	18 March 1983	18 March 1983
Registers closed	19 March - 2 April 1983	19 March - 26 March 1983	19 March - 26 March 1983
Date of payment	8 April 1983	31 March 1983	31 March 1983

Cheques in respect of ordinary and preference dividends issued by the United Kingdom transfer secretaries will be drawn in United Kingdom currency equivalent on 31 March 1983 and 24 March 1983 respectively. Non-resident shareholders' tax at the rate of 15% will be deducted from dividends where applicable.

On behalf of the boardD Gordon
(Chairman)H P de Villiers
(Deputy chairman)M I Hilkowitz
(Managing director)

Johannesburg, 2 March 1983

South African transfer secretaries
Central Registrars Limited
4th Floor
154 Market Street
Johannesburg, 2001
PO Box 1844
Johannesburg, 2000

United Kingdom transfer secretaries
Charter Consolidated P.L.C.
PO Box 102
Charter House
Park Street
Ashford
Kent TN24 8EQ

ABZ

CONTRACTS**£14m oil rig orders**

BP Petroleum Development Norway, operator of the ULA field development, intends to award the contracts for the design and procurement of the jackets to the ULA ENGINEERING CONSORTIUM (UEC) and the contract for design and procurement of the topsides also to UEC. The total value of the contracts is about Nkr 185m (f14m). The UEC is a joint venture comprising Aker Engineering, Brown and Root and Kværner Engineering.

LINTFORD DEVELOPMENT, which carried out phases one and two of the repair of Cawdor Ashby manor house, has been awarded the final phase of this five project. The latest contract, from the National Trust, is worth nearly £250,000, and should be completed in September. It consists chiefly of repairs to the walls, floors, doorsways, windows, partitions and chimney stacks in the manor house's east range.

CITY INDUSTRIAL has just won a £750,000 contract from Hong Kong-based store group A.S. Watson — part of the Hutchinson Whampoa Group — to refit 10 stores. The programme is over a 12-month period.

A £1.2m ground improvement contract, for the Grangetown Link Road scheme, Cardiff, has been awarded to SOIL MECHANICS FOUNDATIONS, Doncaster. The scheme forms part of a link from the M4 to Cardiff Docks. Part of the proposed road will cross over an area of weak clay and the River Ely. Soil Mechanics is to treat the area to provide a stable surface on which to build the road embankments. The client is the county of South Glamorgan.

FRENCH KIER CONSTRUCTION, part of the French Kier Group, have been awarded a £1.04m contract by the GLC for two blocks of industrial units, phase one, Sideworth Street, Hackney. Work will begin in March and is scheduled for completion in 15 months.

FERRANTI COMPUTER SYSTEMS Bracknell division has received a contract worth over £5m from the Ministry of Defence to modernise the Action Speed Tactical Trainer (ASTT) display and debrief system at HMS Dryad, the Royal Navy's school of maritime training.

HMS Dryad, the Action Speed Tactical Trainer (ASTT) display and debrief system at HMS Dryad, the Royal Navy's school of maritime training.

ALFA ROMEO (GB) has won a £700,000 contract to install a 400 mm diameter 2.73 km sea outfall at Tenby, South Wales.

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ALFA ROMEO (GB) has won a £700

Are you one of Europe's top 500 companies?

The FT European Top 500 survey gives the Financial Times a publishing first.

The FT has devised a way of measuring the value and performances of European companies - a way that is realistic and enables you to compare diverse companies offering a kaleidoscope of products and services.

The yardstick is market capitalisation - the value of each company's share (based upon information from leading European stock exchanges) multiplied by the number of shares in the company. And the survey ranks the top 500 companies.

Reprints available from - Nicola Banham, Financial Times, Bracken House, 10 Cannon Street, London, EC4P 4BY. Tel: 01-248 8000 or Susan Boswell, Financial Times (Europe) Ltd, Guiloletstrasse 54, D-6000 Frankfurt-am-Main 1. Tel: 0611-7598. Price £2.50 (including postage).

13 European countries are represented in this year's list. Britain leads with 233 followed by West Germany with 79, down to Norway, Finland and Ireland with less than 6.

The FT's tables rank the top publicly quoted companies, including banks throughout Europe. And one table ranks the top UK companies, with an analysis of major UK trends.

The articles which accompany the figures explain some of the surprises - for instance why Marks and Spencer comes No. 48 measured by sales, but shoots up to No. 4 measured on the FT's market capitalisation scale.

The FT survey is a double-first. The first time European companies have been measured in a way which makes comparisons meaningful. And the first of what will now be an annual survey.

This 8-page survey gives you the base for future reference. Reprints are available price £2.50 from the addresses below.

No FT... no comment.

THE WEEK IN THE COURTS

The statutory duty imposed on an occupier of land

ONE TEST of a community's social values is its concern for children. How at present do members stand regarding this?

The court of Appeal's recent rulings in *Simska v. Rhondda Borough Council* give us a small glimpse. This piece of litigation resulted from a seven-year-old girl's accident on a steep mountain slope under the control of a local authority.

She lived with her parents in a flat on one side of a main road in the Rhondda Valley. On the other side opposite the block of flats was the mountain. She was playing there with a girl a few years older, sitting and sliding on a blanket. Things got out of control and she fell down the slope some 30 or 40 ft, and suffered serious injuries.

She sued the council. About two and half years after the accident, a High Court judge, Mr Justice Phillips, gave judgment in her favour, and awarded £5,250 damages.

According to the judge, the council should have taken one of two steps. It should either have excluded children altogether from the relevant mountain area or it should, before the accident, have fenced the area.

The council appealed. Last month, the Court of Appeal ruled that on the evidence and in the circumstances of the case, the council had been as careful as the law required.

One member of the audience impressed the court: the young girl's father had said that he did not think the area was dangerous.

Two aspects of the law were considered: common law negligence; and the statutory duty imposed on occupiers of land by the Occupiers' Liability Act 1957, the council being an occupier of the bluff for the purpose of the Act.

Various cases illustrating the relevant principles of common law negligence were cited to the Court of Appeal.

One decided in 1921, was *Glasgow Corporation v. Taylor*, a case about a child who died after eating poisonous berries in Glasgow's Botanic Gardens.

Lord Shaw of Dunfermline distinguished between obvious and unfamiliar dangers. With obvious dangers, no special responsibility attached to a local authority for an accident to a young child. The authority was entitled to assume that reasonable persons would not allow their children to be sent unaccompanied into any danger. The authority and the parents must each act reasonably: each was entitled to make this assumption about the other.

But the dangers that were neither familiar nor obvious, such as poisonous berries in a park, the authority in charge of the park had a further duty to warn and protect.

Some years later, in 1954, Mr Justice Devlin said in *Philipps v. Rochester Corporation*, a case about a five-year-old boy who fell into a trench on a site on a council estate, that the primary responsibility for a little child's safety rested on his or her parents. The parents' duty was that children were allowed to wander about by themselves. Parents must satisfy themselves about the safety of any place to which they allowed a child to go unaccompanied.

One member of the audience impressed the court: the young girl's father had said that he did not think the area was dangerous.

Two aspects of the law were considered: common law negligence; and the statutory duty imposed on occupiers of land by the Occupiers' Liability Act 1957, the council being an occupier of the bluff for the purpose of the Act.

Different considerations might well apply to public parks or to recognised playing

grounds where parents allowed children to go unaccompanied in the reasonable belief that they were safe.

One year later, in 1958, in *Dyer v. Ilfracombe UDC*, a case about a four-and-a-half-year-old boy who fell from the platform of a chute, Lord Justice Singleton said that it was in the interest of people to encourage local authorities to extend recreational facilities and amenities.

If a recreation ground was small, the local authority had no duty to provide a playground or keeper, but if the ground was large, the authority had a duty to provide a playground or keeper.

The trial judge had given insufficient weight to children's ability to look after themselves, the father's evidence that the bluff was not dangerous, and to the assumption which made it reasonable for a parent to act reasonably in warning his children of natural hazards.

It was reasonable for the council to assume that parents would warn their children and would not allow them to play on the bluff unless the children appreciated the danger.

The trial judge had given

insufficient weight to children's ability to look after themselves, the father's evidence that the bluff was not dangerous, and to the assumption which made it reasonable for a parent to act reasonably in warning his children of natural hazards.

Do the Court of Appeal's rulings put too heavy a responsibility on parents and too low a standard of care on local authorities? In areas where there are no or too few playgrounds, should the local authority be responsible for the state of hillsides and bluffs under its legal duty to fence them or warn children and parents of any risks on them?

Ought the law to put a higher standard of care on local authorities because in the nature of things a municipality has greater powers and resources than the majority of parents?

Should the law of compensation for personal injuries be based on the need for the victim to prove some degree of fault on the part of some other person liable to pay damages?

Or should there be some independent fund to compensate accident victims regardless of fault or liability?

Justinian

AUTHORISED UNIT TRUSTS

Abbey Unit Trust, Mgrs. (a)

1-3 St Paul's Churchyard EC4P 4DX

Abbey Fund Mgt. Ltd. 01-236 1633

Abbey Fund Mgt. Ltd.

INSURANCE & OVERSEAS MANAGED FUNDS

Standard Life Assurance Company			Barclays Unicorn International	
4 George St., Edinburgh EH2 2XZ	031-225 2562		1, Charing Cross, St. Helier, Jersey	0534
Manager	197.3	-1.0	Unifit Trust	167.8
Phone	150.1	+0.8	Undisfr Trust	154.95
Equity	222.4	-1.0	Unibus Trust	153.64
International	203.9	+0.9	1. Thomas St., Douglas, Isle of Man	0524
Fund Interv.	155.6	-1.5	Uro-Austral Fund	160.3
Inde.-Linked	102.6	+0.3	Uro-Austl. Minral Tst.	151.2
Cash	126.1	-1.0	Uro-Pacific Fund	129.6
Pension Managed	211.5	+0.7	Uro-Internat'l Tst.	161.3
Pension Property	142.7	+0.7		
Pension Equity	204.3	+0.8		
Pension Inv. Fund	151.5	+0.8		
Pension India Linkd	170.6	+0.8		
Pension Cash	139.3	+0.1		
Sun Alliance Insurance Group	0403 64141		Bishopsgate Commodity Ser. Ltd.	
Sun Alliance House, Horsham,			P.O. Box 42, Douglas, Io. M.	0524
Index Limited Fund	116.9	+0.3	ARMAC - Feb 7	164.20
Equity Fund	178.4	+0.3	COLAR - Feb 7	153.25
Fund Interest Fund	184.7	+1.4	MAPCO - Feb 7	140.00
Property Fund	204.4	+0.3	MARCO - Jan 5	150.25
International Fund	149.0	+0.2	Original Fund - 1980-81	111.25
Deposit Fund	125.6	+0.3		
Managed Fund	215.6	+0.8		
Int'l Bond May 1	149.70		Bridge Management Ltd.	
Individual Pension Funds			GPO Box 590, Hong Kong	
Index-Linked	127.9	+0.3	N'ham Feb 20	151.25
Equity	134.2	+0.3	Kippon Fo. March 2	152.78
Fixed Inv.	146.4	+0.9		
Property	160.5	+0.7	Britannia Int'l. Investment Manager	
International	120.3	+0.2	Box 271, Queenway House, Queen Street	
Deposit Fund	120.3	+0.2	St. Helier, Jersey	0534-72124
Managed Fund	215.6	+0.8	U.S. Dollar - Repatriated Funds:	
Int'l. Bond May 1	149.70		Am Smaller Cos. Fd./152.03	2186.00
			Dollar Inv. Fd.	170.00
			S. Minig Corp/Fd.	152.53
			First Fund	152.53
			Global Fund	152.53
			Investment Fund	152.53
			Montana in Stratos	11.45
			Universal Growth Fund	150.50
			1980-81	0.95
			New Scaling February 21	
Sun Life of Canada (UK) Ltd.			Sterling Diversified Funds:	
2, 3, 4, Cockspur St., SW1V 5SH	01-930 5400		American Inv.Fd.	170.70
Manulife Fund Plans			Far East Inv. Fd.	156.72
Health Accout	281.0		Far East Sterling	117.10
Managed Accout	240.3		First Sterling	152.56
Equity Account	252.2		Global Inv. Fd.	152.56
Managed Fd. Accout	115.4		Jersey Gilt	152.51
Equity Fd. Accout	115.4		U.K. Growth Fund	152.52
Property Fd. Accout	100.3		USM Fund	153.35
Fixed Inv. Fd. Accout	114.4			
Int'l. Inv. Fd. Accout	147.5			
Money Fd. Accout	201.4			
Index U.S. Fd. Accout	107.1			
Pension Plus			Sterling Deposit Funds:	
Pens. Perf. Accout	1404.7		Mixed Currency Fd.	151.30
Pens. Mgt. Acc. Accout	189.0		Gold Inv. Fd.	152.11
	189.0			
Sun Life Unit Assurance Ltd.			Artemis Fund Managers Ltd.	
107, Cheapside, London, EC2V 5DU	0272-299 524		1, Thomas Street, Douglas, Io. M.	0524-462
Managed Cap.	225.4	+0.7	Gift Trust (0.44)	156.90
Managed Inv.	225.4	+0.7	All Jersey Fund, Deal Inv. Etc.	152.50
Property Acc.	182.5	+0.7	"Tuesday Weekly" Capital Return 4.50%	
Equity Cap.	202.7	+0.2		
Equity Acc.	224.4	+0.1		
Fund Interest Cap.	174.3	+0.7		
Fixed Interest Acc.	161.0	+0.2		
Equity Inv.	145.8	+0.2		
International Cap.	186.4	+0.7		
American Cap.	160.4	+0.9		
American Acc.	177.6	+1.0		
Fair Eastern Cap.	147.5	+0.2		
Fair Eastern Acc.	152.8	+0.8		
Distribution	124.3	+0.3		
Sun Life Pensions Management Ltd.			Brown Shipton Tst. Co. (Jersey) Ltd.	
Funds for defined benefit pension plans			P.O. Box 583, St. Helier, Jersey	0534
Perf. Managed Cap.	232.9	+0.3	Sterling Bd. Fd. (H)	150.82
Perf. Managed Inv.	210.0	+0.4	Sterling Curr. Fd. (J)	152.51
Perf. Property Cap.	208.8	+0.2	Inv. Curr. Fd. (K)	151.09
Perf. Property Inv.	133.2	+0.3		
Perf. Equity Cap.	235.8	+0.8		
Perf. Equity Acc.	259.9	+0.8		
Perf. F. Interest Cap.	123.5	+0.5		
Perf. F. Interest Inv.	123.5	+0.5		
Perf. Cash Acc.	133.7	+0.3		
Perf. International Cap.	152.5	+0.7		
Perf. American Cap.	160.4	+0.9		
Perf. American Acc.	177.6	+1.0		
Perf. Fair Eastern Cap.	147.5	+0.2		
Perf. Fair Eastern Acc.	152.8	+0.8		
Distribution	124.3	+0.3		
9.29			Brown Shipton Tst. Co. (Jersey) Ltd.	
Sun Life Pensions Management Ltd.			P.O. Box 583, St. Helier, Jersey	0534
Funds for defined benefit pension plans			Sterling Bd. Fd. (H)	150.82
Perf. Managed Cap.	232.9	+0.3	10.36m - 0.00%	
Perf. Managed Inv.	210.0	+0.4	Inv. Curr. Fd. (K)	151.09
Perf. Property Cap.	208.8	+0.2		
Perf. Property Inv.	133.2	+0.3		
Perf. Equity Cap.	235.8	+0.8		
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Sun Life Pensions Management Ltd.			P.O. Box 583, St. Helier, Jersey	0534
Funds for defined benefit pension plans			Sterling Bd. Fd. (H)	150.82
Perf. Managed Cap.	232.9	+0.3	10.36m - 0.00%	
Perf. Managed Inv.	210.0	+0.4	Inv. Curr. Fd. (K)	151.09
Perf. Property Cap.	208.8	+0.2		
Perf. Property Inv.	133.2	+0.3		
Perf. Equity Cap.	235.8	+0.8		
Perf. Equity Acc.	259.9	+0.8		
Perf. F. Interest Cap.	123.5	+0.5		
Perf. F. Interest Inv.	123.5	+0.5		
Perf. Cash Acc.	133.7	+0.3		
Perf. International Cap.	152.5	+0.7		
Perf. American Cap.	160.4	+0.9		
Perf. American Acc.	177.6	+1.0		
Perf. Fair Eastern Cap.	147.5	+0.2		
Perf. Fair Eastern Acc.	152.8	+0.8		
Distribution	124.3	+0.3		
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Perf. Property Cap.				



A Trafalgar House Company

BRITISH FUNDS

Interest Date	Stock	Price	Last	Yield	Vid.	Int.	Ref.
"Shorts" (Lives up to Five Years)							
18/4 Apr	Treasury Glstr 83	99.9	11.12	2.25	10.35		
22/4 May	Exch. 13/4pc 1983	101.1	11.12	2.25	10.35		
12/4 June	Exch. 10/4pc 1983	99.1	11.12	2.25	10.35		
12/4 June	Exch. 10/4pc 1984	99.5	11.12	2.25	10.35		
20/4 Aug	Exch. 11/4pc 1984	100.1	11.12	2.25	10.35		
22/4 Aug	Exch. 13/4pc 1984	100.1	11.12	2.25	10.35		
14/4 Sept	Exch. 14/4pc 1984	101.3	11.12	2.25	10.35		
14/4 Sept	Exch. 15/4pc 1984	101.3	11.12	2.25	10.35		
26/4 Mar	Exch. 16/4pc 1984	101.3	11.12	2.25	10.35		
22/4 Aug	Exch. 17/4pc 1984	101.3	11.12	2.25	10.35		
14/4 Sept	Exch. 18/4pc 1984	101.3	11.12	2.25	10.35		
15/4 Sept	Exch. 19/4pc 1984	101.3	11.12	2.25	10.35		
21/4 May	Exch. 20/4pc 1984	99.5	11.12	2.25	10.35		
15/4 Sept	Exch. 21/4pc 1984	101.3	11.12	2.25	10.35		
25/4 May	Exch. 22/4pc 1984	101.3	11.12	2.25	10.35		
14/4 Sept	Exch. 23/4pc 1984	101.3	11.12	2.25	10.35		
14/4 Sept	Exch. 24/4pc 1984	101.3	11.12	2.25	10.35		
06/4 Oct	Exch. 25/4pc 1984	97.1	11.12	2.25	10.35		
14/4 Sept	Exch. 26/4pc 1984	99.5	11.12	2.25	10.35		
06/4 Oct	Exch. 27/4pc 1984	99.5	11.12	2.25	10.35		
14/4 Sept	Exch. 28/4pc 1984	99.5	11.12	2.25	10.35		
06/4 Oct	Exch. 29/4pc 1984	99.5	11.12	2.25	10.35		
14/4 Sept	Exch. 30/4pc 1984	99.5	11.12	2.25	10.35		
06/4 Oct	Exch. 31/4pc 1984	99.5	11.12	2.25	10.35		
14/4 Sept	Exch. 32/4pc 1984	99.5	11.12	2.25	10.35		
06/4 Oct	Exch. 33/4pc 1984	99.5	11.12	2.25	10.35		
14/4 Sept	Exch. 34/4pc 1984	99.5	11.12	2.25	10.35		
06/4 Oct	Exch. 35/4pc 1984	99.5	11.12	2.25	10.35		
14/4 Sept	Exch. 36/4pc 1984	99.5	11.12	2.25	10.35		
06/4 Oct	Exch. 37/4pc 1984	99.5	11.12	2.25	10.35		
14/4 Sept	Exch. 38/4pc 1984	99.5	11.12	2.25	10.35		
06/4 Oct	Exch. 39/4pc 1984	99.5	11.12	2.25	10.35		
14/4 Sept	Exch. 40/4pc 1984	99.5	11.12	2.25	10.35		
06/4 Oct	Exch. 41/4pc 1984	99.5	11.12	2.25	10.35		
14/4 Sept	Exch. 42/4pc 1984	99.5	11.12	2.25	10.35		
06/4 Oct	Exch. 43/4pc 1984	99.5	11.12	2.25	10.35		
14/4 Sept	Exch. 44/4pc 1984	99.5	11.12	2.25	10.35		
06/4 Oct	Exch. 45/4pc 1984	99.5	11.12	2.25	10.35		
14/4 Sept	Exch. 46/4pc 1984	99.5	11.12	2.25	10.35		
06/4 Oct	Exch. 47/4pc 1984	99.5	11.12	2.25	10.35		
14/4 Sept	Exch. 48/4pc 1984	99.5	11.12	2.25	10.35		
06/4 Oct	Exch. 49/4pc 1984	99.5	11.12	2.25	10.35		
14/4 Sept	Exch. 50/4pc 1984	99.5	11.12	2.25	10.35		
06/4 Oct	Exch. 51/4pc 1984	99.5	11.12	2.25	10.35		
14/4 Sept	Exch. 52/4pc 1984	99.5	11.12	2.25	10.35		
06/4 Oct	Exch. 53/4pc 1984	99.5	11.12	2.25	10.35		
14/4 Sept	Exch. 54/4pc 1984	99.5	11.12	2.25	10.35		
06/4 Oct	Exch. 55/4pc 1984	99.5	11.12	2.25	10.35		
14/4 Sept	Exch. 56/4pc 1984	99.5	11.12	2.25	10.35		
06/4 Oct	Exch. 57/4pc 1984	99.5	11.12	2.25	10.35		
14/4 Sept	Exch. 58/4pc 1984	99.5	11.12	2.25	10.35		
06/4 Oct	Exch. 59/4pc 1984	99.5	11.12	2.25	10.35		
14/4 Sept	Exch. 60/4pc 1984	99.5	11.12	2.25	10.35		
06/4 Oct	Exch. 61/4pc 1984	99.5	11.12	2.25	10.35		
14/4 Sept	Exch. 62/4pc 1984	99.5	11.12	2.25	10.35		
06/4 Oct	Exch. 63/4pc 1984	99.5	11.12	2.25	10.35		
14/4 Sept	Exch. 64/4pc 1984	99.5	11.12	2.25	10.35		
06/4 Oct	Exch. 65/4pc 1984	99.5	11.12	2.25	10.35		
14/4 Sept	Exch. 66/4pc 1984	99.5	11.12	2.25	10.35		
06/4 Oct	Exch. 67/4pc 1984	99.5	11.12	2.25	10.35		
14/4 Sept	Exch. 68/4pc 1984	99.5	11.12	2.25	10.35		
06/4 Oct	Exch. 69/4pc 1984	99.5	11.12	2.25	10.35		
14/4 Sept	Exch. 70/4pc 1984	99.5	11.12	2.25	10.35		
06/4 Oct	Exch. 71/4pc 1984	99.5	11.12	2.25	10.35		
14/4 Sept	Exch. 72/4pc 1984	99.5	11.12	2.25	10.35		
06/4 Oct	Exch. 73/4pc 1984	99.5	11.12	2.25	10.35		
14/4 Sept	Exch. 74/4pc 1984	99.5	11.12	2.25	10.35		
06/4 Oct	Exch. 75/4pc 1984	99.5	11.12	2.25	10.35		
14/4 Sept	Exch. 76/4pc 1984	99.5	11.12	2.25	10.35		
06/4 Oct	Exch. 77/4pc 1984	99.5	11.12	2.25	10.35		
14/4 Sept	Exch. 78/4pc 1984	99.5	11.12	2.25	10.35		
06/4 Oct	Exch. 79/4pc 1984	99.5	11.12	2.25	10.35		
14/4 Sept	Exch. 80/4pc 1984	99.5	11.12	2.25	10.35		
06/4 Oct	Exch. 81/4pc 1984	99.5	11.12	2.25	10.35		
14/4 Sept	Exch. 82/4pc 1984	99.5	11.12	2.25	10.35		
06/4 Oct	Exch. 83/4pc 1984	99.5	11.12	2.25	10.35		
14/4 Sept	Exch. 84/4pc 1984	99.5	11.12	2.25	10.35		
06/4 Oct	Exch. 85/4pc 1984	99.5	11.12	2.25	10.35		
14/4 Sept	Exch. 86/4pc 1984	99.5	11.12	2.25	10.35		
06/4 Oct	Exch. 87/4pc 1984	99.5	11.12	2.25	10.35		
14/4 Sept	Exch. 88/4pc 1984	99.5	11.12	2.25	10.35		
06/4 Oct	Exch. 89/4pc 1984	99.5	11.12	2.25	10.35		
14/4 Sept	Exch. 90/4pc 1984	99.5	11.12	2.25	10.35		
06/4 Oct	Exch. 91/4pc 1984	99.5	11.12	2.25	10.35		
14/4 Sept	Exch. 92/4pc 1984	99.5	11.12	2.25	10.35		
06/4 Oct	Exch. 93/4pc 1984	99.5	11.12	2.25	10.35		
14/4 Sept	Exch. 94/4pc 1984	99.5	11.12	2.25	10.35		
06/4 Oct	Exch. 95/4pc 1984	99.5	11.12	2.25	10.35		
14/4 Sept	Exch. 96/4pc 1984	99.5	11.12	2.25	10.35		
06/4 Oct	Exch. 97/4pc 1984	99.5	11.12	2.25	10.35		
14/4 Sept	Exch. 98/4pc 1984	99.5	11.12	2.25	10.35		

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Almost any settlement will do

BY COLIN MILLHAM

Oil continued to dominate sentiment on the foreign exchanges and bullion markets last week. The Bank of England intervened from time to time to limit any squeeze by sterling, but it appears to have been a surprise when the pound touched a record trading low of \$1.4975.

The level of \$1.50 against the dollar obviously has strong psychological importance in the present nervous markets, even though the authorities and many economists have tried to draw attention away from the cable towards the trade-weighted index.

This more general indication of the pound's value also fell sharply around the middle of the week, touching 79.6, the

lowest since June 1978, and also finished at that level on Friday.

Nervousness about Open and its haunted sterling throughout prompted some suggestions that almost any settlement would be better than the continued uncertainty.

The dollar was firm early in the week, as the market looked for a safe haven at a time of general insecurity. But it tended to lose ground as hopes grew that the conservative coalition would win yesterday's West German general elections.

An improvement in the D-mark, pulling up most of the weaker members of the European Monetary System against the dollar.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU	currency	% change	% from central rate	% change	Divergence limit %
central rates		central rate		adjusted for divergence		
March 4						
Belgian Franc ...	44.9704	44.9825	-0.02	+1.56	+1.56	±1.6001
Danish Krone ...	8.23800	8.17723	-0.69	+0.85	+0.85	±1.6430
German D-Mark ...	2.33379	2.26152	-2.24	-0.66	-0.66	±1.0888
French Franc ...	6.67850	6.67550	-0.03	-0.01	-0.01	±1.0000
Dutch Guilder ...	2.57971	2.52277	-2.21	-0.63	-0.63	±1.5004
Irish Punt ...	0.69111	0.688182	-0.26	+1.32	+1.32	±1.6691
Italian Lira ...	1350.27	1326.87	-1.73	-0.82	-0.82	±4.7369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

	Mar. 4	£	\$	Note Rate
Argentina Peso ...	92.716	92.916	61.240	61.290
Austrian Schilling ...	1.5065	1.5083	1.5065	1.5072
Brazil Cruzeiro ...	893.32	889.32	866.71	868.63
Finland Markka ...	10.34	10.34	10.34	10.34
Greece Drachma ...	124.00	127.689	124.00	127.689
Hong Kong Dollar ...	10.00	10.02	6.6125	6.6175
Iran Rial ...	84.40	84.50	84.40	84.50
Iraq Dinar ...	0.42043	0.42043	0.42043	0.42043
Luxembourg Franc ...	71.60	71.70	37.86	37.93
Malaysian Ringgit ...	4.3740	4.3740	4.3740	4.3740
New Zealand Dollar ...	1.6200	1.6200	1.6200	1.6200
Saudi Arab. Riyal ...	2.0245	2.1225	1.8900	1.8405
Singapore Dollars ...	1.37371	1.37457	1.37457	1.37457
South African Rand ...	1.6500	1.6513	1.6500	1.6513
Swiss Franc ...	1.6500	1.6513	1.6500	1.6513
U.S. African Rand ...	1.6500	1.6513	1.6500	1.6513
U.A.E. Dirham ...	1.5800	1.5845	1.6710	1.6730
Vietnam V.N. Dong ...	119.194			

*Selling rates

THE POUND SPOT AND FORWARD

	March 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.	One year	% p.a.
U.S. ...	1.5100	-1.5100	1.5100	1.5100	0.24	0.27	0.26	2.34	0.81-0.76
Canada ...	1.8475	1.8500	1.8475	1.8500	0.25	0.25	0.25	1.80	0.75-0.75
Netherlands ...	4.074	4.06	4.074	4.06	1.30	0.85	0.75	1.75	0.75-0.75
Denmark ...	12.98	13.12	12.98	13.12	5.61	5.61	5.61	15.77	15.77
Ireland ...	1.0950	1.098	1.0950	1.098	0.24	0.28	0.28	1.50	1.50
W. Ger. ...	3.63	3.67	3.63	3.67	3.24	3.24	3.24	3.24	3.24
Portugal ...	2.0000	2.0200	2.0000	2.0200	1.20	1.20	1.20	1.20	1.20
Spain ...	157.80	159.20	158.00	159.20	10.50	10.50	10.50	10.50	10.50
Italy ...	171.20	171.20	171.20	171.20	10.50	10.50	10.50	10.50	10.50
Belgium ...	1.5000	1.5000	1.5000	1.5000	1.50	1.50	1.50	1.50	1.50
Switzerland ...	1.6000	1.6000	1.6000	1.6000	1.60	1.60	1.60	1.60	1.60
Belgian rate is for convertible francs. Financial franc 75.85-75.95. Six-month forward dollar 1.31-1.36c pm. 12-month 1.98-2.02c pm.									

EXCHANGE CROSS RATES

	Mar. 4	Pound Sterling	U.S. Dollar	Deutschmark	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada-Dollar	Belgian Franc
Pound Sterling	1	1.513	5.640	357.0	19.315	3.095	6.080	5118	1.650	1.225	47.37
U.S. Dollar	0.661	1	2.407	286.0	5.620	2.046	2.658	1.225	1.650	1.225	47.37
Deutschmark	0.875	0.416	1	1.500	2.836	0.260	1.101	501.9	0.508	0.508	19.68
Japanese Yen	2.801	4.237	10.30	1	1000	26.66	1.120	501.9	0.508	0.508	19.68
French Franc	0.969	1.466	2.529	846.1	1	3.000	5.687	2055	1.794	1.794	65.45
Swiss Franc	0.323	0.498	1.176	115.3	5.335	1	1.299	604.3	0.988	0.988	22.15
Dutch Guild	0.849	0.767	0.905	88.81	2.566	0.770	1	506.9	0.460	0.460	17.82
Italian Lira	0.972	0.714	1.719	166.6	4.870	1.461	1.898	1000	0.875	0.875	63.85
Canadian Dollar	0.841	0.818	1.968	193.0	5.576	1.673	2.175	1145	1	1	36.75
Belgian Franc 100	1.396	2.111	5.080	496.3	14.40	4.320	5.611	2956	2.582	2.582	100.00

MONEY MARKETS

Letting sterling take the strain

Interest rates fell on the London money market last week, despite the weakness of sterling. The Bank of England was generous with its help to the money market, reinforcing hopes that the authorities will allow the exchange rate to take the strain rather than boost interest rates in defence of the pound.

On Friday the Bank of England supplied most of its money market assistance by way of bill repurchase agreements, indicating that discount houses are reluctant to part with paper permanently, in the hopes of lower interest rates, while the more bullish sentiment was also underlined by the small increase in the number of Treasury bills at present level, but nervousness about oil made traders reluctant to take up new positions.

In the early part of the week the money market was faced with payment of some £1.75bn in Petroleum Revenue Tax, and

although Wednesday was expected to be particularly short, the load was fairly equally divided between Tuesday and Wednesday, and caused no particular problems. The amount of £750m was available in repurchase agreements on bills, to help the market through the PRT period, but only £50m was taken up, for repayment on March 17 at 11.27-61ths.

Elsewhere in Europe French domestic interest rates were flat, and Eurobonds rates were very sharp. One-month deposits touched 33 per cent on Friday, compared with 204 per cent at the end of the previous week, as the French franc weakened

against the D-mark amid speculation about an EMS realignment in the next month or so.

Liquidity in Frankfurt suffered from the unwinding of a securities repurchase agreement for £100m between the Bundesbank, but benefited later from the intervention of the German central bank to defend the weaker members of the EMS, particularly the Belgian franc.

Both the cash and futures markets in gilt-edged stocks were encouraged by the performance of interest rates, as the downward trend reduced the cost of carrying. As far as the London International Financial Futures Exchange was concerned gilt-edged bonds were bought but not sold, and the market was held at 104-105 per cent, up from 103-104 per cent two months ago.

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates are being set at prime rate plus 11% per cent; four-year 11% per cent; four-month 10% per cent; three-year 10% per cent; two-year 10% per cent; one-year 10% per cent.

London Scottish Clearing Bank rates for lending 7% per cent. London Deposit rates for sums to seven day's notice 8 per cent.

Treasury Bills. Average tender rate of discount 10.7223 per cent. Certificates of Tax Deposit (Series 6). Deposits of 100,000-1,000,000 per cent. One-month 11% per cent; three-month 11% per cent; six-month 11% per cent; one-year 10% per cent. Under £100,000, 10% per cent. Deposits held under Series 3-5 10% per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

	Mar. 4	Short term	7 days notice	Month	Three Months	Six months	One year

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